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## **Selling the People's Game**

### **Football's transition from Communism to Capitalism in the Soviet Union and its Successor State**

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# **Selling the People's Game: Football's Transition from Communism to Capitalism in the Soviet Union and its Successor States**

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## Abstract

My hypothesis is that the structure of football and football clubs in the former Soviet Union adapted and evolved with the rapidly changing political and economic environment of the 1980s and 1990s in the Soviet Union and its successor states. During the time of the Soviet Union, football clubs relied on patronage from the Soviet state, its institutions, state owned companies, as well as local institutions. When the Soviet Union collapsed, football clubs were expected to gain independence from the organizations, or state institutions, and go private. Some clubs were able to sustain their operations by selling their top players to clubs in Western Europe. By the mid-1990s, however, state patronage was replaced by new forms of patronage. The use of the term patronage in this dissertation refers to the political and financial support of football clubs by state institutions, private companies, or individuals (the latter two being only the case in the post-Soviet era). Football patrons use their money and political influence to ensure the financial stability of clubs. After the fall of the Soviet Union, oligarchs and private companies bought football clubs as playthings, for sponsorship, or to legitimize their business operations, and/or to gain political influence. State owned institutions that still owned football clubs rediscovered the political value of football in the post-Soviet world. The popularity of football with the masses meant that football could be used as a political vehicle; this is especially the case in the post-Soviet states where football is often used as a legitimization of business magnates that aim for political posts. The objective of this work is to outline the transition that football clubs underwent, after the death of Brezhnev, under the Gorbachev reforms, to the fall of communism, the Boris Yeltsin years, and finally to the state capitalism of Vladimir Putin.

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## Common Abbreviations

AFC	Asian Football Confederation
BSB	Bayerische Staatsbibliothek (Bavarian State Library)
CIS	Commonwealth of Independent States
DFB	Deutscher Fussball Bund (German Football Association)
DIuSSh	Detsko-Iunosheskaia Sportivnaia Shkola (Children and Youth Sport School)
EU	European Union
FA	Football Association
FC	Football Club
FFP	Financial Fair Play
FFS	Federatsiia Futbola SSSR (Football Federation of the USSR)
FIFA	International Federation of Football Associations
Finec	Leningrad Institute for Finance and Economics
GARF	Gosudarstvennyi Akhiv Rossiiskoi Federatsii (State Archive of the Russian Federation)
GEL	Georgian Lari (currency of Georgia)
Goskomsport	Gosudarstvennyi Komitet po fizicheskoi kul'ture i sportu (Ministry of Sport)
IMG	International Management Group
LOMO	Leningradskoe Optiko-Mekhanicheskoe Ob"edinenie (Leningrad Optical Mechanical Association)
PFL	Professional Football League
RFU	Russian Football Union
RPL	Russian Prem'er Liga (Russian Premier League)
RSFSR	Russian Soviet Federative Socialist Republic
SCM	System Capital Management
SDIuShOR	Spetsializirovannia Detsko-Iunosheskaia Sportivnaia Shkola Olimpiiskogo (Specialist Children and Youth Sport School of the Olympic Reserve)
SDIuSSh	Spetsializirovannia Detsko-Iunosheskaia Sportivnaia Shkola (Specialist Children and Youth Sport School)
SKA	Sportivnyi Klub Armii (Sport Club of the Army)
SOCAR	State Oil Company of Azerbaijan Republic
TsSKA	Tsentral'nyi Sportivnyi Klub Armii (Central Sports Club of the Army)
UEFA	Union of European Football Associations
USSR	Union of Soviet Socialist Republics
UkSSR	Ukrainian Soviet Socialist Republic

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## **Introduction**

In 2012 Ukraine became the first post-Soviet country to host the European Championships, and in 2018 Russia will host the FIFA World Cup, which is the world's largest sporting event. The aftermath of the European Championship and the preparations for the 2018 World Cup have created a global interest in the football of the two largest states of the post-Soviet space. This thesis tells the story of football's transition from communism to capitalism in the period between 1987 and 2014 in the Soviet Union and later the successor states. Unlike other literature on the history of sport in the Soviet Union, this thesis does not focus on providing a precise account of the struggles and the triumphs that Soviet football clubs experienced on the playing field. Instead, the intent of this work is to explain, through the perspective of football, the political and economic transition that the Soviet Union and its successor states underwent in the above-mentioned period. This thesis will focus on football as a way to explain both the unsuccessful attempts to reform the political and economic spheres of the Soviet Union as well as the economic and political struggle that occurred in some of the successor states following the Soviet Union's collapse. The major themes are: 'economic and political reform', 'patronage and ownership', 'politics and football in the post-Soviet sphere', 'post-Soviet football in the international sphere', and 'clubs and stadiums as symbols of regional political identity'. The analysis of these key topics as they relate to the politics and economics of football in the Soviet Union and the successor states serve as a window through which an understanding can be gained of the transformation in the region from 1987 to 2014.

### Economic and Political Reform

This thesis will focus primarily on the period between 1987 and 2014. At times, however, it will be necessary to put the Gorbachev reforms into perspective by referring to economic and

political reforms that took place before 1987. Research in Ukrainian archives, for example, has shown that the introduction of reforms in football began even before Brezhnev's death in 1982.<sup>1</sup> Major reform packages in Ukrainian football were introduced as a result of the poor performance of the Soviet national team in the 1970s. That Ukrainian football was, in many ways, the centre of the sport in the Soviet Union in the 1970s and 1980s, is highlighted by the success of the Ukrainian clubs, which won 11 out of the last 20 championships contested in the Soviet Vysshaya Liga (Soviet Top League). Due to the stagnation of Soviet football in the 1970s, Soviet sport officials conducted a reassessment of the sport between 1979 and 1983 in which they analysed both the strengths and shortcomings of the previous five-year plan for the sport that had been introduced in order to train more adolescent players in the Soviet Union.

The head of the Ukrainian football association, Mykola Fominykh, was instrumental in reforming football in Ukraine and in making the Soviet Union, by the late 1980s, one of the most competitive football nations in Europe. Fominykh produced critical analysis and reform initiatives, which focused on reform packages in the Ukrainian SSR between 1979 and 1983 and later, up to 1987. In 1983 he published a paper that outlined some of the structural changes that had been introduced immediately following the 1982 World Cup in Spain.<sup>2</sup> Fominykh, at the same time, did not want to completely reshuffle the football structures, but rather advocated using common Soviet methods of centralization to achieve his objective, which was to produce more youth players in Ukraine and ultimately in the entire Soviet Union. Some of his proposals included the merging of football clubs, and the restructuring of clubs in the territory of Ukraine.

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<sup>1</sup> For a full list of Ukrainian archives used for this research see the bibliography.

<sup>2</sup> TsDAVO, f. 5090 op. 3 d. 1671, ll 16-22. (Essay by N. F. Fominykh presented to the Football Federation of Ukraine 23 April 1983)

The idea was that having clubs utilize the youth system of an entire city would be a more effective way to produce talent for the national team. Fominykh's work on the need for organizational changes of Ukrainian football demonstrates that the need for reform in Soviet football was felt even before 1982. Indeed, the general feeling of the late 1970s and early 1980s was that the major political actors were aware of the economic and political stagnation of the country, and reform measures were introduced to rectify some of the economic problems that plagued the Soviet system in general and football in particular. These reforms, however, did not include new structural ideas, but rather tried to more efficiently utilize the system that was already in place.

While Ukrainian football was a test case for football reform in the entire Soviet Union, it also illustrates how reformers attempted to maximize industrial output by tweaking the system rather than abandoning it. This reform movement was born within the confines of the Soviet system, yet as this thesis will show, football reforms in Ukraine could be called a success because they eventually did improve the results of club teams as well as the national team. The reformers used typical Soviet practices such as five-year plans, centralization, and production methods common to heavy industry, to facilitate and explain their methods. The reforms could be interpreted as a way of making Soviet football more Soviet. This can be explained by the language of the day: the bureaucrats of the sport committee and the football federation were operating within the parameters set by the culture and politics of the Soviet state. Clubs previously had operated in a less centralized manner and much of the production of football talent was the product of chance rather than design. Perhaps the reformers of Ukrainian football were merely following the prevalent economic principles of the Soviet Union, but they did



succeed in creating a highly competitive system, which by the end of the 1980s led the Soviet Union to produce one of the best national teams on the European continent.

The tendency to initiate a reform package in a single Soviet Republic was typical of reform initiation in the Soviet Union prior to 1987; the Central Committee would often select one Soviet Republic as a test case before introducing Union-wide reform. Also, in 1979, legislation was passed, as part of the tenth five-year plan, which gave individual republics greater autonomy and provided both the republic and local administrative bodies with a broader policymaking authority. This was intended to help individual republics fulfil the goals of the tenth five-year plan, and also was calculated to promote greater effectiveness in production, and improve the quality of work.<sup>3</sup> In one example in the late 1970s, the Belorussian construction industry was reformed as a test case: some of the Belorussian construction ministries were put under the operationalization (*vvod v deistvie*) system in which incentives were given for timely completion. The idea was that, if the system worked in Belarus, it would be copied as a model for the entire Soviet Union, which did occur in 1981.<sup>4</sup> This is similar to what transpired in football when the Ukrainian football federation pressed forward to reform the entire foundation of the republican football system. Economic reform packages were tested in order to minimize the potential for negative repercussions due to radical changes made to the economic landscape of the Soviet Union. Structural reform of Soviet football was introduced in Ukrainian football in the late 1970s, and continued until 1987 when Mikhail Gorbachev announced larger reform packages that were applied Union-wide. This initial objective was especially important in the

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<sup>3</sup> Jan Ake Dellenbrant, *The Soviet Regional Dilemma* (London, 1986), 110.

<sup>4</sup> David A. Dyker, *Restructuring the Soviet Economy* (London, 1992), 138.

early 1980s leading up to 1987, for the reason that Soviet football functionaries believed the Soviet national team was underperforming. The second goal, set in motion after 1987, involved the attempt by Soviet football functionaries to reduce the cost of football to the country, and to maximize the financial gains that could be made from highly talented players.

Reform in the context of this thesis, therefore, has various facets; there is the constant reform process that the Soviet Union underwent, in the sense of adjustments and improvements to the existing system, and then there is the more radical political and economic reform package introduced by Mikhail Gorbachev after 1987. Historians and analysts at the time, such as Ed Hewett, Padma Dasmai, David A. Dyker, and David Lane, shed much light both on the scope of the reforms and on the challenges that the Soviet authorities faced when introducing reform.<sup>5</sup> Ed Hewett, in his 1988 book *Reforming the Soviet Economy*, for example, pointed out that ‘it was too early to assess the results of this latest effort.’<sup>6</sup> Yet Hewett’s study, and others of the time, provide an important framework for understanding the economic changes that Soviet football underwent after 1987. The major catch phrases of Soviet reform after 1987 were *khozraschet* (cost-accountability) and *samofinasirovaniye* (self-financing). Soviet enterprises were supposed to move to full cost-accountability; in other words, they were expected to generate sufficient funds to cover their own labour and production costs.<sup>7</sup> After 1987 Gorbachev began to change the rules under which the Soviet economy, politics, and society were operating. For football, this meant that reforms were no longer focused on improving results on the playing field, but rather on

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<sup>5</sup> For Reform of the Soviet system see: Ed A. Hewett, *Reforming the Soviet Economy* (Washington, 1988); Padma Dasmai, *The Soviet Economy*, (Oxford, 1987); David A. Dyker, *Restructuring the Soviet Economy*, David Lane, *Soviet Economy and Society* (Oxford, 1987).

<sup>6</sup> Hewett, *Reforming the Soviet Economy*, 3.

<sup>7</sup> *Ibid.* 331.

weaning clubs off financial support from the state and turning them into commercial enterprises that could generate a profit.

In his book *Serious Fun*, Robert Edelman describes the period between 1987 and the fall of the Soviet Union as a struggle between clubs and the football federation to gain control over football assets. This thesis attempts to build on Edelman's excellent study of the period between 1987 and 1991 by drawing in the works of political analysts like Hewett to put football reforms into a wider perspective. Edelman believed that the debate on football was about who would wield the commercial benefits. Yet there was more to the debate, as clubs used Gorbachev's reform packages as a way to gain independence from the football federation, which was viewed by many officials as a major roadblock to the creation of modern sports club structures. The struggle over the decision making process and the organization of Soviet football is best illustrated by the conflict between the manager of Dinamo Kiev, Valerii Lobanovskii, and the head of the Soviet Football Federation, Viacheslav Koloskov, over the re-organization and reform of the football league structure in the Soviet Union. In essence, the professionals operating the clubs believed that they, rather than the football federation, should run the top leagues in the Soviet Union; the football federation, was considered part of the decaying Soviet system and operated by party cadres.<sup>8</sup>

As the historian Archie Brown points out: 'In the Soviet Union there was a basic tension between trying to make the existing economic system work better and replacing that system with

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<sup>8</sup> Robert Edelman, *Serious Fun* (New York, 1993), 231-238.

an essentially market economy that would operate on different principles.’<sup>9</sup> Some of this tension is reflected in the struggle between the clubs and the federation on how football should be operated in the Soviet Union. The point of the thesis in terms of analysing the structural changes in football is, therefore, to align them with economic studies outside the sphere of sports, and also with studies conducted on the disintegration of Soviet institutions. Steven L. Solnick in *Stealing the State* writes that the Soviet Union fell victim to opportunism from within, as Soviet civil servants ceased to obey orders from above.<sup>10</sup> This was reflected in football, as coaches began to question the leadership of the football federation. The football federation must, therefore, be understood as an institution, with the clubs—and their managers—as bureaucratic actors.

Furthermore, reform did not end with the fall of the Soviet Union. The successor states of the Soviet Union were given the daunting task of making the difficult transition from a planned economy to a western-style free market economy and, in turn, the football clubs and the newly created football federations were left to deal with a rapidly changing environment. In Russia, for example, extensive privatization was introduced by the Boris El’tsin administration after 1992. Even more radically than the previous Gorbachev reforms, the El’tsin reforms changed the economic and political landscape in which Russian football clubs had to operate. Russian clubs had to, yet again, adapt to shifting economic realities. This makes Russian football after the fall of the Soviet Union an interesting case study of what the stipulations of El’tsin’s reforms meant in practice. Football, in many ways, illustrates the economic problems that Russia was facing in

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<sup>9</sup> Archie Brown, ‘The Soviet Union: Reform of the System or Systematic Transformation?’, *Slavic Review*, Vol. 63, No. 3 (Autumn 2004), 494.

<sup>10</sup> Steven L. Solnick, *Stealing the State*, (London, 1999).

the 1990s. These problems included not only the mass migration of talent to countries abroad, the privatization of clubs by ministries, and the takeover by managers as owners, but also the issue of having to deal with aging infrastructure such as football stadiums. In addition, after the fall of the Soviet Union, football federations and league structures had to be reformed in Russia, and built from scratch in the newly independent successor states.

### Patronage and Politics

In the strict sense, all clubs were state property and were usually associated with ministries, workers unions, or specific factories. As part of their association with certain state apparatuses, Soviet football clubs received both actual funds and favours through a complicated patronage system. Geoffrey Hosking describes patronage as

an ongoing hierarchical but to some extent mutual relationship under which a client offers goods, services or support to a patron in return for protection and perhaps promotion of the client's interests or other benefits.<sup>11</sup>

Soviet clubs, and later many clubs from the successor states, existed within the patronage system. In the Soviet Union this was mainly due to the fact that clubs were not given enough resources by the institution to which they were formally attached and therefore had to find other means to gain resources such as players, to compete not only within the Soviet league system but also with other major European clubs. In order to understand the transition of Soviet football to post-Soviet football, one has to recognize the role of major patrons in both the Soviet and post-Soviet societies, and the relationship of those patrons to football clubs.

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<sup>11</sup> Geoffrey Hosking, 'Patronage and the Russian State', *The Slavonic and East European Review*, Vol. 78, No. 2 (April, 2008), 301.

Patrons were an integral part of the Soviet football system, and the rise or demise of a club was often dependent on the political influence of a club's patron. Patrons were usually part of the upper echelons of the sport hierarchy and/or high-ranking members of the party hierarchy. Patrons also included the managers and high-ranking bureaucrats of industrial conglomerates, as well as leading members of Komsomol organizations. The historian Marsil Farkhshatov in the German publication 'Breitensport oder Wettkampf der Industriegiganten?' paints a wonderful picture of football sport patronage in Soviet Bashkortostan in the 1970s and early 1980s. As Farkhshatov explains in his essay, patrons were openly involved in the industrial football clubs of the region.<sup>12</sup> This thesis will expand on Farkhshatov's case study by showing that patronage was a Union-wide phenomenon, and the patrons were part of a football shadow economy that operated underneath the façade of sport amateurism. In order to obtain advantages for their respective clubs, patrons would ensure that the "sponsored" clubs gained resources beyond the capabilities of the institutions that officially owned the club.<sup>13</sup> The most prominent example of a club operating under such a patronage system was Dinamo Kiev, as highlighted in Thomas Pomian's essay "'Loba" macht den Meister', where he shows that Dinamo, which was formally part of the Ministry of Interior of the Ukrainian Soviet Socialist Republic (from now on UkSSR), that the club was heavily supported by the party secretary of the UkSSR Vladimir Shcherbitskii. Shcherbitskii was a fan of Dinamo Kiev, and it was through Shcherbitskii's influence that

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<sup>12</sup> Marsil N. Farkhshatov, 'Breitensport oder Wettkampf der Industriegiganten?', in Dittmar Dahlmann, Anke Hilbrenner, and Britta Lenz (ed.), *Überall ist der Ball rund: Zur Geschichte und Gegenwart des Fußballs in Ost- und Südosteuropa – Die Zweite Halbzeit*, (Essen, 2008), 69.

<sup>13</sup> Thorsten Pomian, "'Loba" macht den Meister' in Dittmar Dahlmann, Anke Hilbrenner, and Britta Lenz (ed.), *Überall ist der Ball rund*, (Essen, 2006), 64.

Dinamo had all of the political and economic resources necessary to build a team that was the most competitive club in the former Soviet Union and one of the best clubs in Europe.<sup>14</sup>

The patrons were an integral part of the Soviet football ownership culture, and were, therefore, an important factor in the reform programs and the transfer of ownership of football clubs during the transition from communism to capitalism after 1987. As shown through the example of Dinamo Kiev, the patrons were not the actual owners of the individual clubs, but instead were key benefactors who used their political influence to guarantee the success of their favourite teams. With the fall of the Soviet Union, the relationship between patrons and clubs changed significantly and a clear divergence can be observed in the transition of ownership in the different successor states.

In Russia, the transition of ownership from state institutions to private entities was a slow process and, in many cases, state-owned institutions hold significant proportions of shares of football clubs up to the present day.<sup>15</sup> The mass privatization that occurred, especially under the early leadership of Boris El'tsin, which was later somewhat reversed by his successor Vladimir Putin, will provide a framework for the development of Russian football after the fall of the Soviet Union. Here the transition of football clubs will be considered in the light of previous studies that have explained Russia's difficult economic changeover. As we will later see, Russia took a very different path to a free market economy than the other Soviet successor states, and

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<sup>14</sup> *Segodnia*, 24 July 2009 <http://sport.segodnya.ua/football/vo-vremena-cccr-v-dinamo-vce-ezdili-na-volhakh.html> accessed 31 January 2012.

<sup>15</sup> For the development of Russian football after the fall of the Soviet Union see Marc Bennetts, *Football Dynamo*, (London, 2008).

this was largely due to the fact that, in Russia, many of the former state institutions as well as state actors of the former Soviet Union were very much involved in the process of ownership transition and privatization. This is especially revealed in Andrew Barnes book *Owning Russia*, in which he describes the power struggle over ownership in post-Soviet Russia. Barnes shows how the competition over redistribution of assets took place in Russia. Further, he describes the fluidity of power structures in post-Soviet Russia. This thesis builds on Barnes' account, in that it analyses the redistribution of assets in the sphere of Russian football, and describes in particular how some of the main economic actors that have emerged since the fall of the Soviet Union. These actors, such as the Russian billionaire Roman Abramovich, LUKoil co-owner Leonid Fedun, and state-owned companies such as Gazprom, have played important roles in the fortunes of professional football clubs in Russia. Other authors such as Lynn D. Nelson and Irina Kuzes have focused on privatization in the early 1990s but often with a one-dimensional perspective in that their analyses of the transition from communism to capitalism have focused on a simplified notion of privatization as a success indicator for the progress of reform in the Russian Federation. Yet, as we will see in the example of football, this privatization was not always orderly and, as we will see in the example of TsSKA Moscow, privatization did not necessarily mean that the government was no longer in control of a club.<sup>16</sup>

The main focus for the study of patronage will be on Ukraine and Russia. Georgia will also feature in this section, but Georgia's lack of competitiveness in football after the fall of the Soviet Union means that it will play a smaller role in the research. In Ukraine, and to some

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<sup>16</sup> For transition of ownership and privatisation in Russia see for example: Andrew Barnes, *Owning Russia* (Ithaca, 2006); Anders Aslund, *Russia's Capitalist Revolution* (Washington, 2007); Lynn D. Nelson and Irina Y. Kuzes, *Radical Reform in Yeltsin's Russia* (London, 1995).



extent in Georgia, the disappearance of a central authority (Moscow), meant that private groups were quick to take control of football clubs, and in many cases incorporated them into larger private business structures. These new business people soon became known as oligarchs, and rapidly took control of the largest business operations in the country, including almost all of the major football clubs. Today, the oligarchs control all major economic sectors of the country and have a significant say in the fortune of the major political parties.<sup>17</sup> Much like the situation in Ukraine, Georgian football clubs were taken over by local businessmen who benefitted from the chaotic aftermath of the fall of the Soviet Union, and some clubs even become part of mafia-like fraternities.<sup>18</sup> The Georgian example is especially intriguing, as the country has come full circle and re-introduced a system in which most football clubs are fully state subsidized. Furthermore, while both Ukraine and Russia have managed to establish relatively strong football clubs and leagues, Georgia illustrates what the fall of the Soviet Union cost some of the smaller states in terms of success on the playing field.

For the transition of ownership chapter, research was conducted primarily in Kiev and Moscow, but also to some extent in the Georgian capital Tbilisi. The differences in the transition of ownership in these three successor states will be used as case studies to explain the impact that the major event, which was the fall of the Soviet Union and the introduction of a free market

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<sup>17</sup> For Ukrainian oligarchs in football see for example Stefan Wellgraf, 'Die Millionengaben' in Dittmar Dahlmann, Anke Hilbrenner, and Britta Lenz (ed.), *Überall ist der Ball rund*, (Essen, 2011), 97-105; Olaf Sundermeyer, *Tor zum Osten*, (Göttingen, 2012); Simon Kuper, *Soccer Against the Enemy* (London 2003); Jonathan Wilson, *Behind the Curtain*, (London, 2006); Franklin Foer, *How Soccer Explains the World*, (New York 2004).

<sup>18</sup> For football's transition from Communism to capitalism in Georgia see Lincoln Allison, 'Sport Among the Soviet Ruins: The Republic of Georgia', in Alan Bairner, and John Sugden eds. *Sport in Divided Societies* (Aachen, 1999), 177.

economy, had on the three aforementioned states. While these countries had very different approaches toward establishing free market economies and forms of government, they remain heavily dependent on forms of patronage. Oligarchical ownership, for example, is extremely dominant in Ukraine where rich businessmen dominate the local economy and, as a result, also own almost all the football clubs in the country. Unlike Ukraine, where oligarchs had, and still have, a virtual monopoly over football ownership, Russian club ownership is more diverse in that both state enterprises and oligarchs control most of the clubs. The close relationship between the state and the oligarchs in football became largely representative of the current Russian government's relationship with the new business elite. The relationship between the government and the oligarchy is outlined in detail by David E. Hoffman in his, at times, overly sensationalist book *The Oligarchs*, as well as in Karen Dawisha's *Putin's Kleptocracy*. Yet most accounts of the oligarchs do not discuss the involvement of oligarchs in football, or the importance of football as a global marketing tool for Russian business.<sup>19</sup> The purpose of this thesis is to expand on the studies conducted by Hoffman and Dawisha by showing the role of the oligarchs in the sphere of sport, and also to highlight the state's decisive role when it came to oligarchs investing in Russian football. Finally, in Georgia, only a few wealthy owners operate a handful of clubs, with the majority of clubs receiving direct state subsidies. In his book *The Caucasus*, Thomas De Waal touches on Dinamo Tbilisi's connection with Georgia's political elite.<sup>20</sup> This thesis, however, will go even further to explain the changing ownership structures of football clubs in Georgia, and how they compare to those in Ukraine and Russia. While there are differences in the form of ownership in the three states, the fact that clubs are not independent, and instead

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<sup>19</sup> On the oligarchs see David E. Hoffman, *The Oligarchs: Wealth and Power in the New Russia* (New York, 2011) and Karen Dawisha, *Putin's Kleptocracy: Who Owns Russia?* (London, 2014).

<sup>20</sup> See Thomas de Waal, *The Caucasus: An Introduction*, (New York, 2010).

depend on patronage, and in many cases on state patronage, shows a direct lineage to the Soviet tradition.

Another development saw the politicization of football clubs by their patrons, a trend that first began in Ukraine in the late 1990s, and continued in Russia in the 2000s. The politicization of football clubs in the context of this thesis means the use of well-known football clubs as a propaganda tool to attract support and influence popular political opinion. This process of using football clubs as a political tool is categorized in this thesis as *Berlusconization*, a process named after the former Italian President Silvio Berlusconi, who used the popularity he had gained through the purchase of the prominent Italian football club A.C. Milan to launch a career in politics. The thesis follows the theory of the Italian football historian John Foot, who believes that the entanglement of politicians, business tycoons, and the media has led to a *futbolocracy* in Italy.<sup>21</sup> In their respective studies on Ukraine, Andrew Wilson and Serhy Yekelchuk also highlight the interconnection between sport, media, and politics. Wilson especially, believes that oligarchs have tried to use the popularity of football clubs to increase their political profile. In the Ukrainian model, the oligarchs have, similar to Berlusconi, taken control of football clubs and used them as vehicles to launch political careers, or as political tools to gain economic advantages. These oligarchs include the Surkis brothers in Kiev, Rinat Akhmetov in Donetsk, and Igor' Kolomoiskii in Dnepropetrovsk. While none of these authors use the word *Berlusconization* to describe the role of Ukrainian oligarchs, it is a fitting term to describe the

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<sup>21</sup> The term *futbolocracy* is taken from John Foot, *Calcio*, (London, 2006) who uses the term *Calciocracy* to define the new political class in Italy that achieved political success through the utilization of football clubs. The most prominent example is Berlusconi. *Berlusconization* is a media phrase that defines the interconnection between sport, media, and politics. For *Berlusconization* of the Caucasus for example see: *Sueddeutsche Zeitung* 3 March 2011. Print. 29.

process and, as we will later see in the thesis, some oligarchs have even admitted that Berlusconi served as a role model.<sup>22</sup> Indeed, by using the term Berlusconization, the thesis helps to bring political processes in post-Soviet football into the global context, as the oligarchs copied business practices from abroad—in this case from Italy. As a global institution, football has been part of an international exchange network of ideas, politics, and finance that dates back to the time of the Soviet Union.

### Post-Soviet Football in the International Sphere

Another important aspect of this thesis regarding the transition of football from communism to capitalism is the introduction of advertisement and the players' freedom to transfer abroad. In many ways, the two are related, as the freedom for players to move abroad was introduced at around the same time as advertising in Soviet football, and both measures were designed to generate cash for the Soviet administration. Both of these activities were handled by Sovintersport, the first Soviet sport agency, an institution that represented the Soviet Union in its last ditch effort to capitalize financially on the successes of the Soviet sports program. As the relevant documents have only become available fairly recently, researchers of Soviet and post-Soviet football, such as Edelman, did not have access to the primary documentation that helps us to trace some of the major transfers of football players from the Soviet Union to leading teams in Western Europe. This thesis is therefore able to demonstrate what had been only hypothesised in previous studies.

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<sup>22</sup> For the role of oligarchs in Ukrainian society after the fall of the Soviet Union see: Andrew Wilson, *The Ukrainians: An Unexpected Nation*, (New Haven, 2002); Andrew Wilson, *Ukraine's Orange Revolution*, (London, 2005); Albrecht Rothacher, *Stalins langer Schatten* (Graz, 2008); Serhy Yekelchuk, *Ukraine: Birth of a Modern Nation*, (Oxford, 2007).

The files on Sovintersport will provide the backbone for my account of what happened when the state opened the market for Soviet clubs to both sell their most valuable assets (football players) and also to allow foreign companies to use Soviet clubs and stadiums as vehicles for advertisement. This section of the thesis stands in contrast to the patronage section as it outlines how football clubs dealt with the changing economic situation by utilizing market reforms introduced by the Soviet state. Chapter 2 will highlight the ways in which clubs took creative measures in order to maximize their financial profit. One such example is Dinamo Kiev, which utilized international trade laws introduced by the Soviet government in order to start an import-export operation that, for a time, helped the club to navigate the economic uncertainties of the day.

The transfer of football players has been researched to a certain extent in Robert Edelman's book *Serious Fun*, but Edelman's study ends with the fall of the Soviet Union, and his work differs from this thesis in that it does not examine the transfer of football players and the onset of advertisement in the light of the economic and political shifts that were occurring elsewhere in the Soviet Union. In his article 'There are no rules on Planet Russia', which is a study of Russian sports in the early 1990s, Edelman includes an interesting debate by Russian media and football personalities about the morals of Russian footballers who were leaving Russia to play for foreign currency abroad.<sup>23</sup> While the debate on the morality of football players moving abroad is important, this thesis will attempt to understand the actual business operations of football clubs in the early 1990s as they were struggling with the new economic realities presented by privatization and the onset of a free market economy. Furthermore, while 'There

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<sup>23</sup> Robert Edelman, 'There are no rules on planet Russia: post-Soviet spectator sport', in Adele Marie Barker (ed.), *Consuming Russia*, (Durham, 1999), 217-244.

are no rules on Planet Russia' focuses on the cultural and economic struggles of sport in post-Soviet Russia in the early 1990s, this thesis, however, also looked beyond Russia, by examining the difficulties that football faced in other successor states, particularly Ukraine.

The transfer of major football stars from the Soviet Union, later Russia and the successor states, helps to trace the economic fortunes of football in the region. After the fall of the Soviet Union, major clubs, in Ukraine and Russia especially, turned from being sellers to buyers of global football talent. The world football market, in many ways, has become a reflection of the globalization of industry and can be used to explain the role of the successor states in the changing global economic landscape of the 1990s and 2000s.<sup>24</sup> The purchase of talented players from South America and Africa by Russian and Ukrainian clubs illustrates the changing economic fortunes of football clubs in the post-Soviet regions.<sup>25</sup> Russian clubs became, in many cases, the most multi-national squads in Europe.<sup>26</sup> In some cases Russian football clubs became the marketing vehicle of major international companies based in the Russian Federation. This thesis will, therefore, map where the successor states of the Soviet Union fit into the global football economy. Gazprom, which as a sponsor and owner of Zenit Sankt Petersburg is heavily invested in football, has firmly established itself as an international brand with subsidiary companies all over Europe. This is especially highlighted in Chapter 5, which will not only trace

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<sup>24</sup> For footballs and globalization see: Matthew Taylor, "Global Players? Football, Migration and Globalization, c. 1930-2000", *Historical Social Research / Historische Sozialforschung*, Vol. 31, No. 1 (115) (2006), 7-30. David Goldblatt, *The Ball is Round: A Global History of Football*, (London, 2006); Alex Bellos, *Futebol: The Brazilian Way of Life*, (London, 2002); Barbara J. Keys, *Globalizing Sport: National Rivalry and International Community in the 1930s*, (London, 2006).

<sup>25</sup> For Africa as a player market in the global context see: Raffaele Poldi. "Migration and Trade of African Football Players: Historic, Geographical and Cultural Aspects", *Africa Spectrum*, Vol. 41, No. 3 (2006), 393-414.

<sup>26</sup> Jim Riordan, 'Football: Nation, City and the Dream. Playing the Game for Russia, Money and Power', *Soccer & Society*, 8: 4 (2007), 554-555.

the global investment of Gazprom in the football world and beyond, but also that of other post-Soviet companies, such as the Azerbaijani oil and gas company SOCAR, and the Ukrainian investment holding SCM. In this case the thesis will build on the pre-existing literature on globalization in football, but also, more importantly, will go further and show that the fall of the Soviet Union had a significant impact on the globalization of football in the 1990s and 2000s.

Advertisement and sponsorship will be the other major theme of this chapter. Like the transfer of football talent, advertising has become a part of the globalization of football. Advertising was first introduced in the Soviet Union in 1987 and negotiations between clubs and foreign brands were conducted through intermediary agencies directed by Sovintersport. With the opening of the advertising market in the Soviet Union to foreign companies, new sources of revenue were allowed and facilitated by the authorities. The introduction of advertisement was, at first, limited only to the jerseys and advertisement boards for clubs that participated in international football.<sup>27</sup> In general, however, Soviet football was not far behind the rest of Europe when it came to allowing advertisement at professional football matches, and it can be argued that the authorities reacted much the same as a general European-wide trend in the 1980s in which advertisement was more widely introduced in football as a new form of revenue, and which began to replace traditional forms of revenue such as money generated from gate receipts.<sup>28</sup> After the fall of the Soviet Union, the Russian Vysshaya Liga was even one of the first major European competitions to introduce a name sponsor for its league.<sup>29</sup> The late 1980s saw a

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<sup>27</sup> *Spiegel* March 24 1989. 194. Print.

<sup>28</sup> Wladimir Andreff, and Paul D. Staudohar, 'The Evolving European Model of Professional Sports Finances,' *Journal of Sports Economics* 1: 257 (2000), 263.

<sup>29</sup> *Izvestiia* April 1, 1995. 4.

general globalisation of the European game, and late Soviet reforms and eventual fall of the Soviet Union played a significant role in the globalization of European football.

### Football clubs and stadiums as symbols for regional politics

The use of football to define regional and national politics will connect the work of this thesis with the studies conducted on Soviet football by Robert Edelman and Manfred Zeller. Zeller, in particular, has done noteworthy research into the connection of regional identity, fan culture and the display of national identity during football games in stadiums.<sup>30</sup> Zeller's recently published book *Das sowjetische Fieber: Fußballfans im poststalinistischen Vielvölkerreich* is an excellent study on the history of football fan culture in the Soviet Union.<sup>31</sup> This thesis will draw on Zeller's recent work, as well as on the research by Edelman. The research conducted here, however, will also enter new territory by applying economic and political motivations for football clubs to market themselves as centers of regional identity. Here Shakhtar Donetsk will serve as an example, as the Ukrainian club has promoted itself as a beacon of regionalism, though not necessarily to promote national sentiment, but rather to increase the political and economic value of the club's owner Rinat Akhmetov.

Eric Hobsbawm has pointed out the importance of sport and football as a medium for declaring national feelings: "the individual, even the one who only cheers, becomes a symbol of his nation himself."<sup>32</sup> Sport, football especially, can serve as a vehicle to express and define

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<sup>30</sup> See for example: Nikolaus Katzer, Alexander Köhring, and Manfred Zeller, 'Sport als Bühne sowjetischer Weltgeltung? Globale und locale Sportkultur in der späten Sowjetunion' in Martin Aust, *Russland und Sowjetunion global (1851-1991)*, (Frankfurt/Main 2013), 373-391.

<sup>31</sup> Manfred Zeller, *Das sowjetische Fieber: Fußballfans im poststalinistischen Vielvölkerreich*, (Stuttgart, 2015).

<sup>32</sup> Eric J. Hobsbawm, *Nations and Nationalism since 1780*, (Cambridge, 1990), 143.



national and regional identity.<sup>33</sup> In the case of the Soviet Union, a state of many nations, this process was first observed in 1966 when Dinamo Kiev's cup-winning team became a symbol of regionalism and subdued resentment against the central government in Moscow.<sup>34</sup> This resistance was not violent and did not hold open demonstrations against the regime, as was the case in the late 1980s. During the Soviet Union the theme of 'us versus them' is best demonstrated by the contrast of the periphery (regions, cities, and national republic) versus the centre (Russia, and Moscow). Here stadiums played a particular role, as it was within their walls that regional identities could be displayed openly without the fear of repression. Following the breakup of the Soviet Union, this pattern can be observed in some of the successor states, especially in Ukraine.

For this section, the thesis will draw on case studies, which extend from the Caucasus republics of Armenia and Georgia to the Baltic republics in Soviet times, and the scope will be expanded to track regionalism and nationalism in football in Ukraine and Russia after the fall of the Soviet Union. These regions were selected because they provide especially strong case studies on how economic and political concerns can turn to national resentment against a centralized regime. This became especially apparent during the introduction of reforms by Gorbachev after 1987, and again when many federations chose independence from the Soviet

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<sup>33</sup> For sport and national identity also see: Sven Ismer, 'Embodying the nation: football, emotions and the construction of collective identity', *Nationalities Paper: The Journal of Nationalism and Ethnicity*, 39:4 (2011), 547-565; Michael Holmes, and David Storey. 'Who are the boys in green? Irish identity and soccer in the Republic of Ireland', in Adrian Smith, and Dilwyn Porter (ed.), *Sport and National Identity in the Post-War World*, (London, 2004), 88-104.

<sup>34</sup> See Manfred Zeller. "'Our Own Internationale,' 1966", *Kritika: Explorations in Russian and Eurasian History* 12, 1 (Winter 2011), 53-82.

Football Federation as a way to achieve political legitimization of their newfound independence. In Armenia, for example, the hope was that economic and political reforms would result in more socio-economic advantages for Armenians. When the reforms failed to bring this about, however, Gorbachev's glasnost policy turned into a vehicle that many Armenians understood could be used to voice national grievances against the centralized regime.<sup>35</sup> John Sudgen and Alan Tomlinson point out that, all across the Soviet Union, football games became a means to express political opposition against the centralized government located in Moscow.<sup>36</sup> The case of Armenia, amongst others, is expressed in the concept of us (in this case the national republic) versus them (Moscow and the central government). In many cases the resentment that was created was not due to cultural differences but over the lack of economic and political concessions. Here the national stadium of Armenia Hrazdan became a symbol of national hope; the facility was the theatre in which Armenians could express their wish for independence. Yet what happens to such a facility once independence is achieved? By showing the current state of stadiums the thesis will demonstrate that clubs and facilities were simply a means to achieve more political attention, for stadiums such as the Hrazdan in Armenia received little attention post-independence.

Even more important than the example of the Caucasus, is the case of football in Ukraine, which at the time of the writing of this thesis, was undergoing its second revolution of the 2000s. The author lived in Ukraine in the spring of 2013, and was able to witness the divisions of

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<sup>35</sup> For the Armenian struggle of independence see Peter Rutland. "Democracy and Nationalism in Armenia", *Europe-Asia Studies*, Vol. 46, No. 5 (1995), 840-846.

<sup>36</sup> For football as a platform for resistance in the Soviet Union see: John Sudgen, and Alan Tomlinson. 'Football, resentment and resistance in the break-up of the former Soviet Union', *Culture, Sport, Society: Culture Commerce, Media, Politics*, 3:2 (2000), 89-108.

language and culture first-hand. Ukraine is perhaps the most difficult country to understand in terms of nationality, as the country is divided into three groups: Ukrainian speakers, Russian speakers, and people who use the two languages interchangeably (this slang is often referred to as *surzhik* and literally means mixed grains in Ukrainian).<sup>37</sup> Language is, therefore, an unreliable indicator of nationality in Ukraine, and it is football that helps to clarify some of the regional boundaries. In Ukraine, this gives further plausibility to the notion of futbolocracy, which uses a combination of economic might, media control, and populism to achieve political and economic goals. The east of the country, in particular the Donbass, is the centre of the Russian-speaking minority, and clubs such as Shakhtar Donetsk were a vehicle for Russian speakers to voice grievances against the centre, which in this case is represented by Kiev. In the case of the Russian-speaking minority in the Donbass, many of the grievances are not centred on national self-determination or resentment of domination by Ukrainian speakers, but instead are mostly of an economic nature. Russian speaking workers from the steel and coal industry discovered that the football club Shakhtar Donetsk could be a platform from which they could voice grievances over economic issues such as poor wages against the government in Kiev. This has been particularly noticeable in the Ukrainian Super-Derbi between Shakhtar Donetsk and Dinamo Kiev.<sup>38</sup> As was the case in Armenia, the stadium of Shakhtar Donetsk, the Donbass Arena, became a symbol of regional pride, and for many Donetskites an expression of the belief that regional politicians were more committed to the interests of the local population than were the politicians in far away Kiev. For the most part, this competition has been about economic and

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<sup>37</sup> For nationalism and language in Ukraine see: Michael S. Flier 'The Rules of Engagement' *Harvard Ukrainian Studies*, Vol. 22, Cultures and Nations of Central and Eastern Europe (1998), 113-136.

<sup>38</sup> This is especially highlighted in the wonderful documentary on Shakhtar Donetsk *The Other Chelsea: A Story from Donetsk*, dir. Jacob Preuss (Kloos & Co. Medien GmbH, 2010).

political grievances, with nationality and language playing a minor role.<sup>39</sup> The situation in Ukraine is especially fluid and by the time of this writing, the Maidan revolution of 2013/14 had turned into a full-scale conflict in the Donbass. In addition, clubs became platforms for the political performances of the oligarchs, which further underlines the link between football, politics, and regionalism in the country.

### Methodology and Research

Archive research for this project was conducted in Russia and Ukraine. Archival work was especially important for research into the period leading up to the implementation of the Gorbachev reforms.<sup>40</sup> The core of the research was conducted in Russia and Ukraine, with Georgian and Armenian elements representing thinner and more marginal elements of the whole. Russia and Ukraine were the two strongest republics in Soviet football, and after the fall of the Soviet Union were also the only two nations to emerge with a competitive league structure, and national teams. Hence, the two countries are essential for any research on Soviet and post-Soviet football. The author, however, also had the opportunity to visit Georgia and Armenia in the spring of 2014. Initially it was hoped that the archives in Tbilisi could yield essential information regarding reform in football outside of Russia and Ukraine, but their poor state meant that much of the research centred in Georgia was conducted in the form of interviews with officials involved with the game in the republic.

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<sup>39</sup> For regional identity in the Donbass see: Kerstin Zimmer, 'Trapped in past glory: Self-identification and self-symbolisation in the Donbass' in Adam Swain (ed.), *Reconstructing the Post-Soviet Industrial Region*, (Abingdon, 2007), 97-121; Elena Kovaleva, 'Regional politics in Ukraine's transition: the Donetsk elite', in Adam Swain (ed.), *Reconstructing the Post-Soviet Industrial Region: The Donbass in transition*, (Abingdon, 2007), 62-77.

<sup>40</sup> A full list of archives can be found in the bibliography.

Unfortunately, the implementation of khozraschet in Soviet football meant that clubs that gained independence from their respective state institutions were no longer required to send documents to the respective party and state organs of the Soviet Republics and later to the independent states. Many football clubs today have created museums in which the most important artifacts of their football history are put on display. These artifacts include shirts, trophies, and photographs of the most significant moments in club history; unfortunately, however, material that is relevant for this thesis is almost impossible to come by through modern clubs. Statistics on budgets, transfer sums, and attendance after the fall of the Soviet Union were, therefore, collected through newspaper articles and Internet sources. Archival work on the structure of football clubs was for the most part only possible for the period leading up to 1987—though in the case of Sovintersport, material was available up to 1992. Research into Sovintersport was conducted in Moscow at the Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (GARF). Little is known about the agency, and western researchers investigating sport have largely ignored it.<sup>41</sup> Robert Edelman, for example, makes one mention of Sovintersport in his book *Serious Fun* but his source is not from the GARF and instead was a press report published in *Sovetskii Sport*. As Edelman notes, the agency was responsible for a “Brawn Drain” of the best Soviet athletes to clubs abroad.<sup>42</sup> In conversation with the author in May 2015, Edelman confirmed he had long suspected that Sovintersport played an important role in the brawn drain, yet the fact that the material was not available when Edelman conducted his research means that this thesis can significantly expand on Edelman’s already excellent investigation.

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<sup>41</sup> Based on the user index history of the Sovintersport files at the GARF, I may be the first person to have researched these fondy.

<sup>42</sup> Edelman, *Serious Fun*, 221. For the mass exodus of sportsmen from communist countries to the west also see: Jim Riordan. ‘Playing to New Rules: Soviet Sport and Perestroika’, *Soviet Studies*, Vol. 42, No.1 (January 1990), 133-145.

One of the most important sources for this research was the Soviet sports daily *Sovetskii Sport*. Many libraries in the former Soviet Union hold the newspaper, but this author found that these were often in disarray with many issues missing. Fortunately, the author was able to work at the Bavarian State Library (BSB) in Munich in the fall of 2012; the BSB has every issue of *Sovetskii Sport* available from the first issue when the newspaper was founded up until 2000. Through *Sovetskii Sport* it was possible to trace much of the debate that came with the reform process in Soviet football. After 1987 *Sovetskii Sport* took a drastic step towards openness (glasnost'), which meant that the paper often became a public platform for debates on how to reform football. Another important source for research was *Sport-Ekspress*, a Russian language sport daily that was founded after the fall of the Soviet Union and which is available throughout the former Soviet Union as well as online in digitalized form. *Sport-Ekspress* was founded by 14 journalists who left *Sovetskii Sport* in 1991, and aimed at putting the interests of sport ahead of political interests of the government. Although *Sport-Ekspress* can be judged as apolitical—as opposed to *Sovetskii Sport*, which despite being supportive of glasnost' followed the interests of the government—it started to play a significant role in uncovering some of the more bizarre transfer stories of the late Soviet period.<sup>43</sup> Other newspapers included in the research were the Soviet dailies *Izvestiia* and *Pravda* and, where applicable, local daily newspapers. Next to *Sovetskii Sport*, *Izvestiia* was the most important Soviet newspaper for this thesis. *Izvestiia* was published by the Presidium of the Supreme Soviet of the USSR as the official voice of the government. The paper supported reform but at the same time its role as the official publication

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<sup>43</sup> <http://www.afisha.ru/article/mediahistory/page5/> accessed 22 February 2016.

of the Supreme Soviet meant that it sided with government actors.<sup>44</sup> Another important source was the weekly magazine *Argumenty i Fakty*, which during the time of perestroika became the first independent news magazine in the Soviet Union, with very little state supervision or control.<sup>45</sup> The research on *Izvestiia*, *Pravda*, and *Argumenty i Fakty* was conducted mostly in London at the School of Slavonic and Eastern European Studies at University College London. Many European periodicals also proved to be interesting sources for particular stories or cases.<sup>46</sup>

In addition, interviews with sports journalists and football officials were conducted in both Georgia and Ukraine. These interviews were conducted in the form of informal conversations (unstructured interviews) that were recorded by the author. This form of interview was chosen because it enabled the interviewer to explore different lines of enquiry than were originally anticipated (or that would have been possible with semi-structured or structured interviews). One of the limitations of this style of interview is the fact that interviews can descend into anecdotal gossip, hence it was often necessary to fact-check the information provided by the interviewees with material collected elsewhere. Overall, however, the interviews provided important background information. Interviewees were also able to point out sources that might otherwise have been overlooked. As is common when covering recent historical events in sport, the Internet was also an essential source for research. Internet sources provided information on clubs via official homepages as well as online newspaper databases and academic databases. The Internet was also a useful source of old films of Soviet football, which were

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<sup>44</sup> See Andrei G. Richter, 'The Russian Press after Perestroika.' *Canadian Journal of Communication* [Online], 20.1 (1995): n. pag. Web. 10 Mar. 2015

<sup>45</sup> <http://corp.aif.ru/page/89/> accessed 6 April 2016.

<sup>46</sup> A full list of newspapers, sportpapers, and magazines can be found in the bibliography.

available on YouTube. Finally, the online football data page [transfermarkt.de](http://transfermarkt.de) was a valuable source when tracking transfer flows of post-Soviet football clubs. Transparency has been an issue in the world of football, and many clubs do not publish transfer sums of players, hence [transfermarkt.de](http://transfermarkt.de) bases its valuations on press reports, estimations by its online community, as well as insider reports. Recent studies have found that there is a 93 per cent correlation coefficient between the sums published on the page, and the sums spent by clubs on players.<sup>47</sup> Some pages had to be treated with care, however, as official club pages often provided important data regarding dates and successes, but also often painted the past with nostalgia. Club pages were also extensively used in Chapter 5 to highlight the interconnection between between advertisers and football clubs. In this regard, club pages have to be viewed with care as they have to be understood as marketing vehicles for their respective clubs—and their sponsors—and, therefore, provide very little in terms of critical analysis of club policies.

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<sup>47</sup> Jürgen Gerhards, Michael Mutz, and Gerd G. Wagner. 'Die Berechnung des Siegers: Marktwert, Ungleichheit, Diversität und Routine als Einflussfaktoren auf die Leistung professioneller Fußballteams', *Zeitschrift für Soziologie*, Vol. 43, No. 3 (June 2013), 240.



## **Splitting the Spoils: The dismantling of the Soviet Football Federation and the Soviet Vysshiaia Liga**

### Introduction

Beginning in the second half of the 1980s there were attempts to professionalize the league structure of the Soviet Union as well as to reform the relationship between the football leagues and the governing body of Soviet football, the Football Federation of the USSR (Federatsiia Futbola SSSR, which will be referred to from now on as FFU). The plan was to introduce a new governing body for football, which would be called the Football Union (*futbol'nyi soiuz*), and to place the leagues under its administrative jurisdiction. The debate on the structure of the football leagues continued through 1990, and in the end Goskomsport threatened to terminate the attempt to introduce an independent Football Union. Football was a microcosm that revealed the considerable power that state organs could still muster—even toward the end of the Soviet Union—in opposition to reform. Football especially highlights this as nowhere else was the debate on reform of the system as public as it was in football. Football, therefore, offers a rare insight into the thinking behind the political and economic reform process that the Soviet Union underwent, especially between 1987 and 1991, a period that includes both the introduction of major reforms by Gorbachev and the disintegration of the Soviet Union.

The 1990 season had already seen the withdrawal of the Georgian and Baltic teams, and 1991 would prove to be the last the season of Soviet football. Instead of remaining in a unified Soviet League, the 15 newly independent republics of the former Soviet Union each introduced independent national leagues and football federations. Some countries became part of the Asian Football Confederation (AFC), while others remained with UEFA (the European governing body

of football). The chapter will show how the newly created football federations were incorporated into UEFA. The fall of the Soviet Union, and the subsequent collapse of communism, meant that UEFA expanded from 25 to eventually 54 member states. As a result, the competitive structures in European football underwent drastic changes, as UEFA expanded the European Championships, and changed existing international club competitions.

As we will later see, there was a big difference in the power held, between the clubs and the FFU within the Soviet institutional system, in that the football federation and the league system, were true state institutions that were directly controlled by Moscow. The study of the football federation and its league structure therefore provides insight into the process of transformation of government institutions in the transition period from communism to capitalism. As we will see, football mirrored other institutions such as, for example, Gazprom which was formerly owned by the state and became partly privatized. Old Soviet enterprise directors, nomenklatura youth turned oligarchs, as well as the state itself, gained the upper hand, and thus ensured political continuity from the Soviet era.<sup>48</sup> As in the industrial sectors, football federations often remained under the control of the same actors who had already been in charge before the fall of the Soviet Union, and who would stay in place well into the 2000s.

With the breakup of the Soviet Union, the Russian Federation inherited all Soviet institutions located in its territory, including the Soviet Football Federation and its leagues. It is, therefore, the Russian football leagues and the Russian Football Union that will be the main

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<sup>48</sup> Susanne A. Wengle, 'Post-Soviet Developmentalism and the Political Economy of Russia's Electricity Sector Liberalization', *St Comp Int Dev* (2012) 47: 92.

focus of the second half of this chapter. As official successors of Soviet institutions, they best represent the transition of institutions from communism to capitalism in the post-Soviet space.

### The Soviet Vysshaya Liga: A Short History of an All-Union Structure

The Soviet football league structure was introduced in 1936 and underwent several name and structural changes up to 1970.<sup>49</sup> In essence, the revolutionary regime in the Soviet Union copied a league structure that was found in many Western European countries.<sup>50</sup> Unlike leagues in Britain or in Western Europe, however, the creation of the Soviet football league pyramid for the most part took place at the same time as the formation of the football clubs that participated in it. In the 1930s football was primarily played in Moscow, which fielded as many as five teams. In addition, the large regional capitals of Leningrad, Kiev, Minsk and Tbilisi each had a team. As will be outlined in chapter 2, clubs were created along the lines of sport societies, which were operated by Soviet institutions such as the army, ministry of interior, and trade unions. Urbanization in the Soviet Union after World War II meant that more cities gained the resources that were necessary to operate high performance sports. As a result, sport societies expanded their operations into such secondary cities of the Soviet Union as Donetsk (Shakhtar), Kharkov (Metallist), Baku (Neftchi), Dnepropetrovsk (Dnepr), Erevan (Ararat) and Tashkent (Pakhtakor). As of 1970 the top division of Soviet football was known as the Soviet Vysshaya Liga. As Robert Edelman writes in his book *Serious Fun*, prior to the 1960s, the highest division of Soviet football was mainly a Russian affair, with most teams coming from the capital Moscow.

By the midsixties a flight from Moscow to Tashkent, ... was no longer a daunting prospect. The mass media expanded and became more efficient. For lovers of the game who wanted to know the scores, television, radio, and an increasingly effective

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<sup>49</sup> Edelman, *Serious Fun*, 192.

<sup>50</sup> Robert Edelman, *Spartak Moscow* (Ithaca, 2009), 78.

and nimble sports press provided quick information. With more teams in more cities, there were more games to be played, watched, and reported on. The entire edifice of Soviet football became bigger and more complicated.<sup>51</sup>

At this point the Soviet Vysshaya Liga became a multi-national league with teams that represented many of the Soviet Republics. Despite the fact that not every Soviet Republic was there, and that most clubs came from Russia, Ukraine, and the Caucasus, the Soviet Vysshaya Liga nonetheless could be described as a Eurasian Champions League in which the best teams from several republics were represented to compete over a multi-national championship.<sup>52</sup>

Also, the size of the league was standardised to a regular format: 16 teams competed from 1970 to 1979, after which the league was expanded to 18 teams. As shown in Table 1, the structure of the Soviet football leagues remained more or less stable during the period between 1981 and 1991. There were small changes to the size of the leagues as well as reforms to the point system. There were also discussions on the operative command of the individual football leagues. These discussions intensified in the mid-1980s and lasted until the fall of the Soviet Union. The reform of the Soviet football league structure became part of the overall discussion on perestroika that had engulfed almost every aspect of Soviet society in the final years of the USSR.

**Table 1: The Soviet Football League Pyramid between 1981 and 1991**

Level	League Division
<b>I</b>	Soviet Supreme League (Vysshaya Liga) 16 to 18 teams

<sup>51</sup> Edelman, *Spartak Moscow*, 261.

<sup>52</sup> Zeller, *Das sowjetische Fieber*, 23.

<b>II</b>	First Division (Pervaia Liga) 22 to 24 teams
<b>III</b>	Second Division (Vtoraia Liga)
	I Zona II Zona III Zona IV Zona V Zona VI Zona VII Zona VIII Zona IX Zona
<b>IV</b>	Amateur Leagues and Komitet po Fizicheskoi Kul'turne Competitions
	Regulated on the Republican Level

### Professionalization of the League Structure

Goskomsport (Sport Committee) was in charge of running all administrative aspects of the game such as transfers, player suspensions, and legal correspondence with the international football governing bodies FIFA and UEFA. As the 1980s progressed, Goskomsport frequently found itself in conflict with the clubs of the Vysshiaia and Pervaia Liga over suspensions and player transfers. Archive material gathered at the Russian State Archive (GARF Goskomsport Fond) reveals the somewhat convoluted lines of communication between clubs, the republican football federations, the Soviet football federation, and Goskomsport. While disputes over player suspensions and transfers are not surprising, and are often the centre of conflict in football even today, it is the number of actors that were involved in these conflicts that is surprising. One such example is the suspension of Torpedo Moscow coach Valentin Ivanov in 1984, followed by Ivanov's audacious challenge of this ruling. What ensued was a long chain of communication which involved Goskomsport, the Soviet Football Federation, Ivanov (as the accused party), and later, E. Moiseev, the Party Secretary of the Moscow Automobile Factory (ZiL). The argument over the suspension went back and forth, and eventually the Technical Commission announced the final decision in *Sovetskii Sport*, and had the article attached to the final communiqué to

Torpedo Moscow, thereby pre-empting any further argument with the club by making the announcement public.<sup>53</sup> There are countless other examples of instances in which various actors were involved in matters that should have been simply resolved with a straightforward statement by the technical commission of the football federation. The problem, in many instances, was the involvement of various bureaucratic actors in the operation of football clubs in addition to the football federation and the league. It was not uncommon, for example, that factory directors, secretaries of cities, oblasts, or even republican governments, would write protest letters to the Soviet football federation after players or coaches had been suspended.<sup>54</sup> This highlights not only the amount of administrative red tape that was involved in the day-to-day operation of the Soviet football league system, but also the daily political intrigues, especially between the various patrons who were formally in charge of clubs.

As we will see in Chapter 2, the professionalization of football clubs was stimulated by several resolutions and government decrees passed after Gorbachev came to power in 1985. Dnepr became the first club to start the “experiment” of professionalization in 1987, and in 1988 a total of 194 teams initiated the process of *khozraschet* (self-accountability) as it was called in the Soviet Union. Clubs were supposed to become self-funded through ticket sales, advertisement, TV-rights, sales of players, and the state lottery SPORTPROGNOZ.<sup>55</sup> But the restructuring of football clubs also brought on the larger question of what kind of structure the

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<sup>53</sup> GARF, f. R7576, op. 34, d. 425, ll. 89-92.  
(Sport Technical Commission Transfer Sheets, 9 January 1984).

<sup>54</sup> Some examples include GARF, f. R7576, op. 34, d. 425, l. 19, 129, and 161.  
Also see: GARF, f. R7576, op. 34, d. 426, ll 77-78, and 161.  
(Sport Technical Commission, 1984)

<sup>55</sup> *Izvestiia*, 8 Mar. 1988. 6.

clubs would compete in, and even more important, who would be in charge of the league. The professionalization of club structures was only one side of the solution to the problems of bureaucratization and inefficiency in Soviet football. The now independent clubs also wanted to have professional football leagues that were separate from the Soviet Football Federation and that instead were placed under the administrative jurisdiction of a new body called the Soviet Football Union (*futbol'nyi soiuz*).<sup>56</sup> This new Football Union would take over the administrative procedures of the Soviet football leagues (support clubs that represented the Soviet Union in European competition) and take over the organization of the Soviet national team. The old football federation would be left with the organization of amateur and youth football.<sup>57</sup> The hope was that an independent body run by football professionals would limit the number of political actors involved in the game, and therefore reinforce the professionalization of the game in the Soviet Union.

As in other sectors of the Soviet Union, the perestroika of the football federation, and the discussion of how to limit bureaucracy in the league structure, morphed into a power struggle between the centre, the football federation, and the periphery represented by the clubs and their respective managers. After 1988 this conflict is best illustrated by the rivalry between two of the most influential figures in Soviet football at the time; Viacheslav Koloskov, the president of the FFU, was on one side, and Valerii Lobanovskii the manager of both the Soviet national team and the Soviet Union's most successful club Dinamo Kiev, was on the other. Much of the discussion

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<sup>56</sup> Robert Edelman, 'The Professionalization of Soviet Sport: The Case of the Soccer Union', *Journal of Sport History*, 17: 1 (Spring, 1990), 46.

<sup>57</sup> *Sovetskii Sport*, 20 Aug. 1988. 3.

regarding the reform of Soviet football revolved around these two characters in the period between 1988 and 1991. Lobanovskii proposed complete independence for the clubs and the Soviet Vysshiaia Liga from the FFU, while Koloskov envisioned a league in which self-financed teams competed alongside state supported teams such as the Dinamo teams (financed by the various Ministries of Interior throughout the USSR), as well as clubs like TsSKA Moscow or SKA Rostov that were supported financially by the army.<sup>58</sup> It was through these clubs in particular that the government, in the form of Goskomsport, hoped to maintain some control over the new Football Union. Those who were directly involved in the game strongly opposed this. As we will see later in chapter 2 Lobanovskii was a reluctant reformer when it came to his club but was strongly in favour of more modern structures in the Soviet Vysshiaia Liga. Lobanovskii had almost unlimited freedom to build a super club in Kiev due to the immense resources given to Lobanovskii by the Ukrainian Republican government. At the same time, the red tape required by the Soviet Football Federation and Goskomsport meant that Lobanovskii was often restricted in what he could achieve at Dinamo Kiev. The Football Federation, for example, frequently tried to interfere with his attempt to import the best players to Dinamo Kiev from all over Ukraine.<sup>59</sup> This must have been frustrating for Lobanovskii, who was able to witness, on his frequent trips to the west with the national team, the freedoms that clubs were given in Western Europe when it came to player recruitment and club development. Lobanovskii, therefore, did not want the end of state sponsorship of his club, but he did want to start a process whereby the same people who ran the best football clubs in the Soviet Union also ran the bureaucracy of football.

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<sup>58</sup> Edelman. 'The Professionalization of Soviet Sport: The Case of the Soccer Union', 46.

<sup>59</sup> TsDAGO, f. 1, op. 32, d. 2131, l. 38-39.  
(Letter to the Party Secretary Shcherbitskii by M. Baka, and V. Dorokhov, 1984).



The reasons for the differences of opinion between the clubs and the football federation, therefore, boiled down to influence, power, and money. Clubs wanted to gain more freedom to develop without the limits set by the state apparatus in the form of Goskomsport. Although Goskomsport recognized the need for reform, it was not necessarily willing to part with control over the league for it contributed financially to the competition. In 1988, for instance, Goskomsport paid 1.2 million roubles a year toward the Soviet Vysshiaia Liga. While the clubs were hoping for continued contributions from the state and at the same time for the freedom to operate the league, Goskomsport envisioned a system in which the league would be expected to run a profit and some of that profit would go back to Goskomsport.<sup>60</sup> Clubs, however, did not want to pay for the privilege of self-support without receiving in return the power to reorganize the league, for they believed that they were more capable of modernizing the league on their own. This new body would be independent only in theory, as it would be answerable to Goskomsport and the Football Federation. This was not satisfactory to Lobanovskii and many other club managers, as it did not adequately deal with such issues as bureaucracy and the need for general independence by the clubs to run their own competition.<sup>61</sup>

What Lobanovskii proposed was revolutionary not only for the Soviet Union, but also for football in Europe. At the time, national football federations ran all the national European leagues. Lobanovskii's Union of Football Leagues or self-organization of the professional football leagues would have preceded the creation of the English Premier League, which became

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<sup>60</sup> *Izvestiia*, 8 Mar. 1988. 6.

<sup>61</sup> *Sovetskii Sport*, 15 Dec. 1988. 3.

independent from the English Football Association in 1992.<sup>62</sup> Lobanovskii's goal was to create a league that was free of the bureaucratic obligations set by Soviet officials, with an unambiguous legal concept that clarified the rights and obligations of players, coaches and teams. Clubs would, most importantly, be freed from their obligations toward participant sports, and could therefore generate money solely for football operations.<sup>63</sup> In other words, Lobanovskii wanted people in the football business to run the league in their own interests. As members of an independent football union, the professional teams would have been able to negotiate financial deals with sponsors, sign potential TV deals, and take full control over player contracts. Most importantly, the league's independence from Goskomsport would have also freed them from financial contributions to the state.

The football federation, however, fought hard to maintain control over the Soviet Vysshiaia Liga. It was, therefore, no surprise that Koloskov met Lobanovskii's idea with criticism. He did not want Goskomsport (or himself) to lose control over the football league structure, as this would have significantly reduced Goskomsport's power over football, and therefore over the sport that had the potential to be the most lucrative sport business in a reformed Soviet Union. As Edelman writes, the main question was the following:

would control of the Soviet Union's most popular sport remain in the hands of those government and party figures who had shaped it for official ends, or would soccer pass into the control of an elite of trained specialists who sought to protect their own positions, while producing entertainment for the public?<sup>64</sup>

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<sup>62</sup> <http://www.premierleague.com/en-gb/about/history.html> accessed at 24 November 2011.

<sup>63</sup> Edelman. 'The Professionalization of Soviet Sport: The Case of the Soccer Union', 48.

<sup>64</sup> *Ibid.* 48.

The debate on restructuring football therefore reflected the Soviet socio-political atmosphere of the time. Gorbachev's administration worked hard on decentralization and privatization of the Soviet Union, a process that dramatically sped up in the period after 1987. In May 1988, for example, 33 enterprises withdrew from their respective ministries in Leningrad and formed independent associations.<sup>65</sup> In 1989 a new State Commission on Economic Reform was set up with the mission to make recommendations on economic reforms, as well as to transform several ministries and sub-ministries into state owned companies.<sup>66</sup> In effect, Lobanovskii's idea of an independent Union for Football Leagues was no different from the withdrawal of an economic enterprise from its respective ministry. Perhaps the big difference between football and a factory was the fact that the struggle over structural changes was fought openly in the press due to the huge popularity of the sport.

Media coverage was, in fact, an important element in the political struggle over football. Journalists such as Vladimir Maslachenko who was writing for the widely circulated *Argumenty i Fakty* argued that government officials had not yet learned that sport was also a business and that it was important to invest in sports in such a way as to not only offset the costs, but also to actually make a profit. Maslachenko pointed out that around the world football had become a large commercial enterprise, and that the organization of football in the Soviet Union lagged significantly behind. Furthermore, he explained that in other countries football associations had become more professional and independent from the government, and that this was also

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<sup>65</sup> Barnes, *Owning Russia*, 59.

<sup>66</sup> *Ibid.* 60.

necessary in the Soviet Union. At the same time, however, he noted that officials were reluctant to grant football more independence because many of them made money from the sport.<sup>67</sup>

The debate over professionalization of the sport then became public domain when on May 23, 1989 *Izvestiia* published an interview with both Koloskov and Lobanovskii. In the interview, Koloskov stated that he was willing to allow the league to move toward independence after a transitional period of 2 to 3 years. Lobanovskii stated that the move toward independence of the football leagues would only be feasible with the support of Goskomsport.<sup>68</sup> At this point, it seemed possible that the two sides could come to a compromise. Lobanovskii and Koloskov came up with a proposal that would put the new Union within the domain of Goskomsport but would enable it to operate independently, and the resulting Union of Football Leagues was introduced on June 1, 1989.<sup>69</sup> This marked the end of false amateurism as practiced in Soviet football and made structural changes necessary for all clubs that had not already moved toward professionalization. How much influence and power the Union of Football Leagues was to receive still remained undecided. The Union wanted to be in charge of the top three divisions (*vyshaia*, *pervaia* and *vtoraia liga*). Goskomsport, on the other hand, stated that the vast *vtoraia liga*, which was divided into numerous regional zones and consisted of more than 150 teams, did not really have professional structures and therefore needed to remain under the jurisdiction of the Football Federation.<sup>70</sup>

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<sup>67</sup> *Argumenty i Fakty*, 15 Apr. 1989. 7.

<sup>68</sup> *Izvestiia*, 23 May 1987. 6.

<sup>69</sup> Edelman. 'The Professionalization of Soviet Sport: The Case of the Soccer Union', 50.

<sup>70</sup> *Sovetskii Sport*, 25 Oct. 1989. 3.

This proposed compromise did not, however, mean an end to the debate on the structure of the football leagues. As the power struggle continued through 1990, Goskomsport even threatened to terminate the concept of an independent Union of Football Leagues. The Union, which was under the chairmanship of former football player Viktor Ponedel'nik, then accepted the previously considered compromise regarding control of the various divisions of Soviet football. The top two divisions would be managed by the Union of Football Leagues and the *vtoraia liga* would stay with the federation. Furthermore, the federation received the backing of the world governing body FIFA (of which, conveniently, Koloskov was the vice-President at the time): FIFA stated that the league and teams that represented the Soviet Union abroad must be under the jurisdiction of the Soviet Football Federation and Goskomsport.<sup>71</sup> The example of the Football Union, therefore, demonstrated the considerable power that state organs could still muster in opposition to reform.<sup>72</sup> The state had leverage due to the fact that the clubs that wanted to form this independent football structure were still financially dependent on state subsidiaries. The Soviet football federation only considered giving the league more economic independence because they themselves were under pressure to reform in the early years of perestroika. Yet, in due course, it became apparent that the economic reforms, while designed to maintain rather than undermine the Soviet system, were not compatible with that system.<sup>73</sup> At this point the state fought back. In 1989 the government used Gosplan, for example, to augment its power over

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<sup>71</sup> *Sovetskii Sport*, 13 Feb. 1990. 3.

<sup>72</sup> Edelman. 'The Professionalization of Soviet Sport: The Case of the Soccer Union', 52.

<sup>73</sup> Joachim Zweynert, 'Economic ideas and institutional change: Evidence from soviet economic debates 1987-1991', *Europe-Asia Studies*, 58:2, (2006), 179.

consumer prices and wages. Other emergency controls pre-dating 1987 were also re-established by the state in an effort to tighten financial discipline.<sup>74</sup>

While football was somewhat anomalous in that Koloskov used his international influence to torpedo any support for the Union of Football Leagues, what happened to the Union was still representative of what was going on elsewhere in the country. As Edelman writes: ‘the Union was never able to win support for its existence in either the Council of Ministers or the Supreme Soviet. At these levels of state power, Goskomsport was able to find many willing allies.’<sup>75</sup> What Edelman could not know at the time was that the Soviet Union was already on the brink of extinction, that the 1990 season would see the withdrawal of the Georgian and Baltic teams, and that the 1991 season would prove to be last season of the Soviet Union. Despite the withdrawal of teams and the eventual disappearance of the Federation and its league, the fight over control of the league is an interesting example of what reform in the Soviet Union as a whole meant for smaller institutions such as those involved in football. The Football Union was in many ways an attempt by economic actors, in this case the clubs, to use the Gorbachev reforms to extract more power from government institutions such as Goskomsport. Perestroika in the case of the Football Union, therefore, turned into a power struggle between the centre, and the newly independent actors in the form of the clubs—and their managers. Solnick believes that the introduction of self-financing after 1987 caused a breakdown of hierarchies, and that this can

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<sup>74</sup> *Ibid.* 187

<sup>75</sup> Edelman. ‘The Professionalization of Soviet Sport’, 52.

be observed in football.<sup>76</sup> After clubs were moved into self-accountability, they naturally tended toward finding more revenue streams and, as a result, wanted more power to run football. Accordingly, they were weakening the architecture of the football federation by demanding to run the league, which then made it possible for entire football federations to break off from Goskomsport.

#### Leading the Pack: Georgia and the Baltic States withdraw from Soviet Football

Each Soviet Republic had its own football federation, which was responsible for football development at both the regional and amateur level. As we will see later, the football federations of the individual republics also had influence over clubs in the higher division in that they were responsible for the education of youth players. Every republic was given targets as to the number of youth players that had to be produced as part of the five-year plans.<sup>77</sup> After the fall of the Soviet Union, some federations simply declared independence from the Football Federation of the Soviet Union, while others were founded as completely new institutions. The first republics to withdraw from the FFU were Georgia and the Baltic republics. The reasons they withdrew from Soviet competitions were twofold. First, the federations believed that, by organizing their own competitions, they would benefit financially. Second, many republics within the Soviet Union experienced a national awakening, and nationalists demanded full national control over all aspects of culture, including football.

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<sup>76</sup> Solnick, *Stealing the State*, 229.

<sup>77</sup> TsDAVO, f. 5090 op. 3 d. 1772, ll. 1-16.  
(Pamphlet on Five Year Plan for football in Ukraine 1985-1990)

The 1991 Soviet Vysshaya Liga finished its season one month before the Soviet Union collapsed in December 1991. Like the Soviet Union, however, Soviet football had also begun to fall apart before 1991. Georgia's withdrawal from Soviet football came after Soviet troops violently put down a demonstration in Tbilisi in April 1989. In 2014 I was able to interview Mamuka Kvaratskhelia, who has worked in several capacities for Dinamo Tbilisi, UEFA, and the Georgian Football Federation (GFF) since the late 1980s. He is also a well-recognized sports journalist in Georgia and the Caucasus. Kvaratskhelia was present at the meeting in which the Georgian Football Federation decided in favour of independence from the Soviet Football Federation. Kvaratskhelia explained: 'at the time we felt that the Soviet bear was not that strong, and officials believed that they could kick the bear and achieve independence [for] Georgian football.' The meeting took place in November 1989 in a conference room at the Dinamo Stadium in Tbilisi. 'The meeting room was very small, at the time it was sometimes used for press conferences, but today the rooms are the changing rooms for the referees.' The meeting involved 21 people including officials and also former players, and they decided that as of February 1990 the Georgian Football Federation would organize an all-Georgian football championship independent from the Soviet Union.<sup>78</sup> The GFF was the first institution in the Soviet Union to declare independence and, as a result, Georgian teams withdrew from Soviet league play on February 15.<sup>79</sup> Before the announcement was made on February 15, 400 members of the GFF gathered at the House of Chess in Tbilisi, about one kilometre from the Dinamo Stadium, to introduce new regulations for the GFF. The most important questions included who

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<sup>78</sup> Interview with Mamuka Kvaratskhelia at the Dinamo Arena in Tbilisi. 7. April 2014.

<sup>79</sup> *Sovetskii Sport*, 23 Feb. 1990. 3.



the president of the federation would be, as well as where the games of the Georgian national team would take place. The famous Georgian coach Nodar Akhalkatsi was elected as the first president of the independent Football Federation. Although Dinamo Tbilisi and the Ministry of Interior were opposed to independence they were outvoted by 95 per cent of the 400 delegates.<sup>80</sup> The GFF then began to organize a new competition in which the Georgian Umaglesi Liga was the top division. The Umaglesi Liga had been organized as the Georgian Republican championships since 1927, and was part of the Soviet League pyramid. Now the league, no longer a regional Soviet Republican championship, became the highest division for clubs within Georgia's territory.

In some ways, the meeting by the GFF reflected what was going on elsewhere in Georgia. The Caucasus historian Thomas De Waal describes the period between 1989 and 1991 as 'a collective national fever.'<sup>81</sup> As Kvaratskhelia explained, in 1990, Georgian football was in a strong position as it had two representatives in the Vysshiaia Liga and another two in the Soviet Pervaia Liga. Those four clubs would then be joined in 1990 in the newly independent Georgian Umaglesi Liga by Georgian teams that were playing in the republican Georgian level of the Soviet league pyramid. The newly independent league seemed to be hugely successful at first when 100,000 people attended the first match of the Georgian Umaglesi Liga in March 1990, but erosion of standards began almost right away. After the first season, for example, the league was expanded from 18 to 20 teams, an enormous number of clubs for a small country like Georgia, which had a population of about 5 million people at the time. The main reason for this, according

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<sup>80</sup> Kvaratskhelia

<sup>81</sup> Thomas de Waal, *The Caucasus*, 135.

to Kvaratskhelia, was corruption; local party bosses, factory managers, and members of the Georgian mafia paid to have their clubs entered into the new competition. On top of that, the Georgian Football Federation was still subsidized by Moscow; Georgia was still officially part of the Soviet Union and possibly the centre hoped that by continuing subsidization the GFF would eventually return to the Soviet football federation. The higher a club was placed in the league pyramid, the greater the financial support made available by the state.<sup>82</sup> In its early years the league was, therefore a huge cash cow for local “families”, who could funnel state funds into their own pockets. The GFF benefited in that through enlarging the league they were able to take bribes from clubs that normally did not have the opportunity to play first division football. In many ways, football reflected what was going on elsewhere in the country. Georgia was one of the Soviet Union’s most prosperous republics, but in the first three years after independence the country’s GDP dropped by 73 per cent.<sup>83</sup>

While state subsidies could have allowed the GFF, between 1990 and 1992, to invest in football infrastructure, much of the money disappeared into back channels. As Kvaratskhelia explained: ‘In 1990, to go independent was a smart decision, as we had almost unlimited resources from the Soviet Union, but due to corruption a golden opportunity was lost. Instead of rebuilding our youth infrastructure, money disappeared. Money was in Georgia but the corruption not just in the federation meant that we ended up much worse then before.’<sup>84</sup> Despite the fact that the GFF was organizing an independent league, and was applying for recognition by

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<sup>82</sup> Kvaratskhelia

<sup>83</sup> Thomas de Waal, *The Caucasus*, 134.

<sup>84</sup> Kvaratskhelia

FIFA and UEFA, the Soviet Football Federation, and Goskomsport kept subsidizing Georgian football. This was significant as it indicates that Goskomsport didn't realize the changing political climate in some of the states in the Soviet periphery. This period is especially unclear, as Goskomsport had a huge financial leverage which it did not use to put pressure on the Georgian FF to return to Soviet football. In this very chaotic period, in addition to the possibility that Goskomsport hoped that by maintaining the cash flow the GFF would eventually return to the Soviet football federation, the most likely scenario appears that various Georgian officials who still worked at the central organs of Goskomsport syphoned funds to the GFF.

Shortly after the Georgian clubs withdrew in 1990, the Baltic clubs also began to withdraw from Soviet football competitions to play in the newly independent leagues of their republics. The Soviet Vysshaya Liga side Zhal'giris Vilnius, for example, played one last game in 1990 and then joined the newly independent Lithuanian Football Federation (Lithuanian FF). All clubs from Estonia and Latvia also withdrew from Soviet Football Federation and joined the Estonian Football Association (EFA) and the Latvian Football Federation (Latvian FF) respectively.<sup>85</sup> Just as was the case with GFF, the football associations of the Baltic republics were already independent entities within the Soviet Football Federation. All three countries had their own national championships within the Soviet league pyramid. The Baltic republics also benefited from the changing economic structure within the Soviet Union. In 1989 the Soviet government introduced tax changes, which gave the three Baltic republics control over, tax revenue from enterprises on their territory. In return, Moscow began to reduce subsidy payments to the Republican governments. The new law was soon restricted in 1990, and Lithuania was

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<sup>85</sup> *Sovetskii Sport*, 16 Mar. 1990. 1.

even economically blockaded and forced to pay back taxes, but then the newly elected President of the Russian Federation Boris El'tsin introduced economic sovereignty for the Russian Federation in the summer of 1990, and the blockade was lifted.<sup>86</sup>

These new economics caused Soviet institutions to begin to crumble: Solnick calls this a “bank run” on Soviet institutions, as regional governments tried to grasp as much power as possible and, without fiscal power, central Soviet institutions were unable to withstand the pressure.<sup>87</sup> In football the “bank run” can also be observed. With the introduction of a self-financing Football Union, clubs and Republican Federations lost their financial incentive to stay within the structure of an all-Union wide football system. Because clubs were now self-financed, and were even expected to pay taxes on their profit, they no longer saw a reason to compete in the Soviet Union and pay for the privilege. The example of Georgia, with Moscow continuing to pay subsidies even after Georgian clubs and the Georgian Football Federation had declared independence, also shows that financial incentives played a major part in the football independence movements. The Baltic States also introduced their own national championships for a mixture of financial benefit and nationalism, which boiled over in 1990. While Georgian clubs felt they could leave Soviet football and still receive financial subsidies, the Baltic clubs felt that they had to leave: they no longer saw a financial benefit in staying when the Soviet Union cracked down on their newly gained economic freedom. These examples show the extent of the disintegration of Soviet structures, as neither harsh measures nor financial incentives worked to keep republics attached to the centre.

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<sup>86</sup> Solnick, *Stealing the State*, 230-231.

<sup>87</sup> *Ibid.* 233.

The 1990 Soviet Vysshiaia Liga season was a lopsided affair in which only 13 clubs competed for the Soviet championship after the withdrawal of the two Georgian clubs Dinamo Tbilisi and Guria Lanchkhuti before the start of the season, as well as the Lithuanian team Zhal'giris Vilnius after the first day of the season. The changes were even more dramatic further down the pyramid, where many clubs from the four renegade republics had been participating. Yet, whilst financial incentive was one of the reasons why clubs and federations wanted to leave the Soviet Union, it soon became clear that there was no long-term financial benefit from actual independence. Furthermore, FIFA, which was strongly influenced by Koloskov, the head of Goskomsport and the FFU, did not recognize the independence of Georgian football, and even forbade its member states from making formal contact with any members of the GFF. The fact that Georgian clubs were no longer participating in the Soviet Vysshiaia Liga also meant that the English sports clothing company Umbro and the German sports clothing company Puma ended their sponsorship agreements with Georgian teams. Furthermore, many of the best Georgian players were leaving the country to play in Western Europe, or for clubs that still competed in the Soviet Vysshiaia Liga.<sup>88</sup> The Georgian newspaper *Zaria Vostoka* even published an article in *Sovetskii Sport* in which it stated that it was time to negotiate for a re-entry of Georgian clubs into the Soviet league structure.<sup>89</sup> Since Georgia was not recognized by international institutions there was no way that UEFA would allow Georgian clubs to compete in international

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<sup>88</sup> *Sovetskii Sport*, 20 Sep. 1990. 3.

<sup>89</sup> *Ibid.*

competition; along with the lack of substantial competition, this made Georgian football a commercial wasteland for years to come.

Zhal'giris Vilnius of Lithuania also struggled with the newly gained independence of the Lithuanian Football Federation. The manager, and former player of Zhal'giris, Benjaminas Zelkevičius, believed that the decision to leave Soviet football was an emotional mistake made when national sentiment was boiling over during the struggle for Lithuanian independence. But at the same time the head of the of the Lithuanian FF, Vitas Dirmeikis, believed that, overall, Lithuanian football had benefited from the withdrawal from Soviet football, as smaller clubs from all over the country were now able to compete against former power houses such as Zhal'giris. Dirmeikis also pitched the idea of a Federation Cup in which teams from Lithuania could compete against clubs from the Soviet Union.<sup>90</sup> For Lithuanian nationalists, however, the FFU and the Soviet Vysshiaia Liga were just two of many Soviet institutions that were endangering the Lithuanian cultural heritage.

The independence of the Baltic football federations and the Georgian Football Federation was then followed by a proclamation by the Ukrainian Football Federation in the Ukrainian sports daily *Sportivnaia Gazeta* on September 15, 1990. The proclamation stated that Ukraine wanted to be recognized as an independent entity at UEFA competitions, as well as at World championships and in the Olympic games. The initiative of the statement came from the People's Council that was centred with the democratic movement Rukh (Ukrainian Movement), but was

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<sup>90</sup> *Ibid.*

also signed by many coaches, players and functionaries of Ukrainian football.<sup>91</sup> Rukh became a recognized political party in 1989 and in March 1990 Ukraine together with all other Soviet republics held legislative and local elections. In Ukraine, Rukh became part of the Democratic bloc, which won one hundred out of 450 seats in parliament, the Supreme Rada. The Democratic bloc gained further momentum when reformists in the Communist Party began to join it. By July 1990 it was re-christened the People's Council, which published a symbolic declaration of sovereignty.<sup>92</sup>

Rukh's call for sport sovereignty was the next step in Ukraine's movement toward independence. That Ukrainian football officials supported this move is not surprising. As in the Baltic republics, Ukrainian officials such as Lobanovskii stated that Ukrainian football could actually benefit financially from being independent of state institutions. In reality, however, state officials of Ukraine had no interest in creating a Ukrainian football league and Football Federation for the good of the Ukrainian game, but rather saw the change as an opportunity to acquire wealth. The conflict between the Ukrainian Football Federation and the FFU therefore returns to the power struggle between the independent Football Union and the centre. Once again the main actors were Lobanovskii and Koloskov. But perhaps both underestimated the political forces operating under the flag of nationalism: in the end, nationalism and the desire for personal gain would destroy the Soviet Union and all its institutions outside of Russia, including the FFU and the Soviet league pyramid. While Lobanovskii certainly wanted to have more independence from Soviet institutions such as Goskomsport he did not want to dismantle the Vysshiaia Liga

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<sup>91</sup> *Sovetskii Sport*, 15 Sep. 1990. 1.

<sup>92</sup> Yekelchuk, *Ukraine*, 184-185.

itself. Goskomsport was also unable to veto the independence of newly created sport associations at the international level because the constitution of the Soviet Union allowed individual Union Republics to leave the USSR. In the past this had not been an issue but with the Union collapsing politically, Goskomsport was not able to bind the football federations of the now newly independent republics into a new governing body. International governing bodies such as the International Olympic Committee or FIFA could therefore recognize the independent sport organizations of the Baltic States.<sup>93</sup> The influence of Koloskov actually postponed international recognition of the new football associations. The withdrawal of the Ukraine Football Federation, however, was the final blow to the Soviet Football Federation, its leagues, and national team. Ukraine was the prize asset of Soviet football; next to Russia it fielded the most clubs in the Vysshiaia Liga, and the majority of national team players came from the republic. With Ukraine, the Soviet Union was a football powerhouse, without Ukraine, it was merely a fringe player in the European game.

#### Splitting the Spoils: The new Football Federations of the former Soviet Union

In 1991, the last season of the all-Union competition, the league returned to its normal format of 16 teams, including clubs from six Soviet Republics. Ukraine held its referendum on the “Declaration of Sovereignty” on December 1, 1991, and an overwhelming 90.3 percent voted in favour.<sup>94</sup> Just 16 days after the referendum, on December 17, 1991 *Sovetskii Sport* announced the declaration of sovereignty of the Ukrainian Football Federation, as well as the termination of its membership in the FFU. The Ukrainian Football Federation also announced that it had made a

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<sup>93</sup> *Sovetskii Sport*, 20 Sep. 1990. 3.

<sup>94</sup> Yekelchuk, *Ukraine*, 191.



formal application for membership to both FIFA and UEFA. This meant that after seven decades of Soviet football, the Ukrainian clubs would leave the Soviet championship to play in a national Ukrainian championship. This was the worst-case scenario for Soviet football. As *Sovetskii Sport* pointed out, Ukraine was the home of over five-dozen professional, and thousands of amateur teams. 120 thousand children were registered in Ukrainian football schools.<sup>95</sup> The members of the UFF presidium assured their audience that they would make every effort to be recognized by UEFA no later than the summer of 1992. Yet many questions remained, for example: how would the newly created Ukrainian football championship be structured? The UFF would also have to work out with UEFA details such as qualification places for European club competitions.

The UFF believed that Ukrainian clubs could compete in European competitions starting with the 1992-93 season, which meant that a Ukrainian championship would have to be completed within six months. Some officials such as Chernomorets Odessa coach Viktor Pokopenko believed that such an undertaking would be very ambitious. On the other hand, the federation seemed very well prepared to start a new season right away. Along with its statement of independence, a plenum of the UFF also announced the framework for the first Ukrainian Vysshaia Liga season: a three-month competition played from March 6, 1992 to June 21, 1992. The league was divided into two groups with a total of 20 teams, and the two winners of the group stage would compete for the first Ukrainian championship. The federation also announced the framework for the entire Ukrainian football league pyramid and laid down the rules for the first Ukrainian cup competition. The results of the 1992 championship would determine where clubs would be placed in the following season, which would be played from the fall of 1992 to

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<sup>95</sup> *Sovetskii Sport*, 17 Dec. 1991. 1.

the spring of 1993.<sup>96</sup> The competition rules were announced at a time when the Soviet Union was still nominally alive, however, the announcement by the UFF reflected what was going on elsewhere: Ukraine was now fully prepared to cut its ties with the Soviet Union.

As federations broke away from the Soviet Football Federation, it became clear to those running the Russian game that Soviet football could not be salvaged, and on December 18, 1991 the new Football Federation of Russia announced that on January 9, 1992 a conference would be held in Moscow to create a new All-Russian Football Federation. At the time, however, there were two football federations claiming that they represented the interests of Russian football. On the one hand there was the new body under the leadership of Anzor Kavazashvili, a former goalkeeper for Spartak, Torpedo Moscow and Torpedo Kutaisi, and a member of the Soviet national team between 1965 and 1970; 38 delegates of the administrative territories of the Russian Soviet Federative Socialist Republic (RSFSR) created this federation on December 3, 1991. The other body was the old Football Federation of the RSFSR (FFR), under the leadership of Iuri Nyrkov, who had a brief playing career for TsDKA Moscow (later TsSKA) and was also a Major General in the Soviet army. The FFR, like the UFF and the GFF, was a former member of the Soviet Football Federation.<sup>97</sup> Both Nyrkov and Kavazashvili came from outside the national and international football bureaucracy in which Koloskov had navigated his entire career. Koloskov chaired the still existing, although now in its death throes, Football Federation of the USSR. Under Koloskov the FFU made one final bid to survive the breakup of the Soviet

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<sup>96</sup> *Ibid.*

<sup>97</sup> *Sovetskii Sport*, 18 Dec. 1991. 3.

Union. On December 26, 1991 Koloskov declared that the political problems in the Soviet Union and Russia could have massive consequences ‘for football in our country’ and that there was a real danger that the country could be excluded from international competitions such as the 1992 European championships. He therefore called for an end to the split between the two Football Federations in Russia. Just five days after the fall of the Soviet Union, Koloskov produced a rough draft for a new season but, unlike the Ukrainians, the Russians were still confused over what kind of structure the new league would have.<sup>98</sup> While most states of the former Soviet Union were able to quickly create league structures and working football federations, things were not quite so clear in Russia. What was obvious was that the Soviet Union was a thing of the past, and that Russia needed an independent football federation, but it was much harder to determine whether the former Russian Football Federation, a new body, or the old Soviet Football Federation would be in charge of football in the Russian Federation.

On January 9, 1992 Kavazashvili was confirmed as the president of the all-Russian Football Association (RFA). Kavazashvili, however, benefited from the fact that three other candidates A. Kozlov, V. Ponedel’nik and I. Varlamov did not stand for election and instead took vice-presidential positions; the three must have made a backroom deal regarding the division of power. The conference also announced the termination of the old Football Federation of the RSFSR. This was necessary, according to Kavazashvili, because Russian law stipulated that Russian organizations had to be public institutions independent from the state organizations, and because the Football Federation of the RSFSR had failed to send a letter of application to the

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<sup>98</sup> *Sovetskii Sport*, 26 Dec. 1991. 1.

Russian Ministry of Justice. *Sovetskii Sport*, however, pointed out that this was not true: the Football Federation of Russia had sent all the necessary documents to the Ministry of Justice, and the all-Russian Football Association had no right to liquidate the old football federation. Kavazashvili also announced that he had sent a memo to FIFA in which he formally requested Russia's restoration of membership, but again *Sovetskii Sport* pointed out that the Football Federation of the RSFSR had already done this.<sup>99</sup> The future of Russian football was at stake: would it go to new actors such as Kavazashvili, who in the past had been active footballers, or would it remain with the old bureaucrats who were already in charge of the Soviet-era football federation?

The power struggle over the structure of Russian football illustrates in many ways the broader struggle over Soviet institutions. The creation of the Russian Federation represented a *Stunde Null*: with the fall of the USSR, former Soviet institutions like the FFU were dissolved and new actors, mostly former football players, tried to use the situation to gain influence and control over the sport. These former players felt that they were better suited to shape the future of Russian football than the bureaucrats who had often stood in the way of reform. But the bureaucrats were not yet ready to depart the scene. Both the Football Federation of the RSFSR and the new body, the all-Russian Football Association, laid claim to football in the new Russia. On January 14, 1992 Viacheslav Koloskov took action and announced the transformation of the old Football Federation of the USSR into a new body that represented the Commonwealth of Independent States (CIS). Koloskov, as the vice-president of FIFA, had the advantage that his association was the only recognized successor of the former FFU, and therefore put a temporary

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<sup>99</sup> *Sovetskii Sport*, 10 Jan. 1992. 3.

hold on all independent football associations that had been created by the various republics. He also stated that only the Football Federation of the RSFSR had the legal authority to represent Russian football since it had been registered in timely fashion with Mossovet and had been in operation for more than two years.<sup>100</sup> At that point, it still seemed possible that parts of the Soviet Union could create a new regional state. In this scenario the FFR would have been not the federation of an independent country but that of a regional football association under the umbrella of the new CIS football federation.

Koloskov then issued a statement via *Sovetskii Sport* that there was tentative hope that the Soviet Vysshiaia Liga could be continued under the leadership of the Football Association of the CIS. He hoped for a new championship that would include teams from Russia, Kazakhstan, Belarus, Uzbekistan, Tajikistan, Turkmenistan, Azerbaijan, Kyrgyzstan as well as Abkhazia and Transnistria. The football federations of Moldova and Armenia had joined Estonia, Latvia, Lithuania and Georgia in declaring they would initiate independent championships. According to Koloskov, the new championship would be played in two groups with eleven teams in each group. The best five in each group would advance to the next round to determine the medal places.<sup>101</sup> The inclusion of Abkhazia (Dinamo Sukhumi) and Transnistria (Tiligul Tiraspol) was especially surprising, since these were not countries but territories of the newly independent states of Georgia and Moldova respectively. This was a politically provocative move, especially since neither club had ever participated at the highest level of Soviet football. It was also hard to imagine that the provincial towns of Sukhumi and Tiraspol would be able to support high

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<sup>100</sup> *Sovetskii Sport*, 14 Jan. 1992. 3.

<sup>101</sup> *Ibid.*

performance sport. On January 17, 1992 Viktor Ponedel'nik, the vice-president of the all-Russian Football Union, issued a response to Koloskov's declaration and the formation of a new CIS football association, heavily criticizing the inclusion of Transnistria and Abkhazia. He argued that Koloskov was using political events to strengthen his bid for a CIS Football Association. Ponedel'nik also criticized Koloskov's fellow vice-president of FIFA Joseph Blatter and the president of FIFA João Havelange for supporting Koloskov's football association.<sup>102</sup>

Nikita Simonian, a former national team player and at that point a representative of the CIS Football Association, countered Ponedel'nik's statement by arguing that because the Football Federations of Georgia and Moldova had declared their independence from the FFU they had also declared their independence from the official successor of the FFU, the new CIS Football Association. Because neither federation had been accepted into FIFA, they were now outside international football law. Simonian therefore believed that the football federations of Transnistria and Abkhazia were free to remain within the CIS Football Association. According to the rules of the CIS FA, all football federations of territories, republics, and cities of the former Soviet Union were allowed to join individually.<sup>103</sup> Both Koloskov and Simonian believed that the rule of accession would preserve the old FFU. In principle, clubs from all over the former Soviet Union were free to join the new CIS Supreme League as independent entities.

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<sup>102</sup> *Sovetskii Sport*, 17 Jan. 1992. 4.

<sup>103</sup> *Ibid.*

At that point, however, Koloskov was politically outmanoeuvred. His patriotism for the Soviet Union, and his belief that he could use political events in Moldova and Georgia for his benefit, did not sit well with many clubs from the newly founded Russian Federation. On February 4, 1992 the five big Moscow clubs, TsSKA, Torpedo, Lokomotiv, Dinamo and Spartak issued a memorandum on Koloskov's proposal for a new CIS Supreme League. The clubs argued that the introduction of a free market economy within the CIS had resulted in a manifold increase in transportation tariffs, price spikes in food and hotel services, as well as the introduction of new currencies in the now sovereign Republics of the former Soviet Union. Furthermore, the clubs were worried about the political situation in many of the now sovereign republics. Therefore the CIS championship, they argued, would constitute a real threat to the budget of their clubs, as participation would cost each team between 25 and 30 million roubles a year.<sup>104</sup> The Moscow clubs also pointed out that many of the new states had already registered their membership with FIFA and that it was therefore quite likely that a new CIS championship could not be completed because clubs would leave as soon as their national federations had achieved independence.

The Moscow clubs therefore called for the creation of a new and unified Russian federation and championship, since the present situation was threatening the "recovery" of Russia's membership in FIFA and UEFA. They also made it clear that they would not participate in a CIS championship.<sup>105</sup> The Moscow clubs had assessed the new political reality correctly: the

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<sup>104</sup> *Sovetskii Sport*, 4 Feb. 1992. 1.

<sup>105</sup> *Ibid.*

Soviet Union with all its institutions was at its end, and the failure to establish a new independent championship in the framework of an independent Russia could have seriously threatened the participation of the Moscow clubs in European club competitions, as UEFA might sanction a league that was used as a political tool in volatile regions. Furthermore, the clubs wanted to move quickly in order to establish a new football federation that would retain the UEFA coefficient points—which determined the numbers of starters in European competitions—previously allocated to the Soviet Vysshaya Liga and Soviet Football Federation. Their declaration can therefore be understood as a move to preserve as much of the international power of the old league as possible without actually retaining it as an institution. Iuri Nyrkov reacted by announcing that a Russian championship would be organized under the auspices of the Russian Football Federation.<sup>106</sup>

The next turn of events was the re-creation of the Russian Football Union (RFU) on February 8, 1992. This body had already existed briefly between 1912 and 1917 and had been a member of FIFA during that period. Both the delegates and members of the RFF and the all-Russian Football Association supported its establishment. The new president of the RFU was none other than the old president of the FFU, Viacheslav Koloskov, while Simonian became the vice-president.<sup>107</sup> Koloskov is the most remarkable figure in the transition from the old FFU to the RFU. In the end he was able to preserve his power by mustering his political connections from the time of the Soviet Union. His gambles to preserve the structure of the old Soviet

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<sup>106</sup> *Sovetskii Sport*, 4 Feb. 1992. 3.

<sup>107</sup> *Sovetskii Sport*, 11 Feb. 1992. 3.



Vysshaia Liga can be understood as a gambit to determine how much of the old structures of Soviet football could be preserved. When the Moscow clubs rebelled, Koloskov must have understood that the only way forward was by creating a national Russian Football Union. The reason that he survived this venture politically is because, as the former head of the Soviet Football Federation, he was in the comfortable position of having an extensive national and international network. This made the new Russian Football Union dependent on Koloskov, as only he could convince UEFA and FIFA that the Russian Football Union was indeed the legitimate successor of Soviet football, and this gave Russian football a huge advantage over other successor states of the Soviet Union. As the head of Goskomsport, the Football Federation of the USSR, and later the newly independent Russian Football Union, Koloskov therefore serves as an emblem of how old Soviet institutions and their political leadership were able to survive the fall of the old regime and extend and even expand their power in the Russian Federation.

At the founding conference of the RFU, the framework of a new Russian football championship was also announced. The Russian Professional League (RPL), under the leadership of the General Director of Dinamo Moscow, Nikolai Tolstykh, began organizing the three top divisions of the country. Immediately, there were disputes about the size and make up of the new football league pyramid. The top clubs wanted only 14 teams in the new Russian Vysshaia Liga, whereas the smaller clubs wanted between 17 and 20, and up to 40 clubs in the second division (divided into two groups).<sup>108</sup> The new league structure was announced on February 14, 1992 in *Sovetskii Sport*. The new Vysshaia Liga would consist of 20 teams that

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<sup>108</sup> *Sovetskii Sport*, 11 Feb. 1992. 3.

would compete in two groups. The top four teams of the two groups would then form a championship group that would compete for the first Russian championship. The bottom six teams of each group would play for a place in the 1993 Russian championship, which was downsized to 18 clubs. Unlike Ukraine, the new Russian league system would remain on the spring to fall schedule.<sup>109</sup> As in Georgia, the makeup and size of the new Russian Vysshaya Liga was also about political influence, as clubs that previously had no chance of playing in the top division were now trying to gain the best possible position for themselves in the context of Russia as a newly independent entity.

The creation of the new Russian Football Union and the independent league structure ended the process of dismantling the old FFU and the Soviet Vysshaya Liga. By February 1992 it was clear that each of the former Soviet Republics would play independent national championships. The new organizations that were formed between 1990 and 1992 are shown in table 2.

**Table 2: The post-Soviet States and their Football Associations**

Football Federation of the Soviet Union and its successor organizations					
Successor State	Football Federation	Top League	Founded	Joined FIFA	Affiliation
Armenia	Football Federation of Armenia	Armenian Premier League	1992	1992	UEFA
Azerbaijan	Association of Football Federations of Azerbaijan	Azerbaijan Premier League	1992	1994	UEFA
Belarus	Football Federation of Belarus	Belarusian Supreme League	1992	1992	UEFA
Estonia	Estonian Football Association	Meistriliiga	1923	1923, 1992	UEFA

<sup>109</sup> *Sovetskii Sport*, 14 Feb. 1992. 3.

Georgia	Georgian Football Federation	Umaglesi Liga (Georgian Top League)	1936	1992	UEFA
Kazakhstan	Football Federation of Kazakhstan	Kazakhstan Premier League	1992	1994	UEFA*
Kyrgyzstan	Football Federation of Kyrgyz Republic	Kyrgyzstan League	1992	1994	AFC
Latvia	Latvian Football Federation	Latvian Higher League	1921	1922, 1992	UEFA
Lithuania	Lithuanian Football Federation	A Lyga (A League)	1922	1923, 1992	UEFA
Moldova	Football Association of Moldova	Moldovan National League	1990	1994	UEFA
Russia	Russian Football Union	Russian Football Championship (Chempionat Rossii)**	1912, 1992	1912 to 1917, 1992	UEFA
Tajikistan	Tajikistan National Football Federation	Tajik League	1936	1994	AFC
Turkmenistan	Football Federation of Turkmenistan	Yokary Liga	1992	1994	AFC
Ukraine	Football Federation of Ukraine	Ukrainian Premier League***	1992	1992	UEFA
Uzbekistan	Uzbekistan Football Federation	Uzbek Professional Football League	1946	1994	AFC
*from 1992 to 2002 member of AFC **until 2001 Russian Vysshaya Liga ***until 2008 Ukrainian Vysshaya Liga					

Russia and the Russian Vysshaya Liga were recognized by UEFA as the successor of the Soviet Union and the Soviet Vysshaya Liga. This put them in an advantageous position in terms of qualification spots for European competitions and gave them an edge over other successor states like the Ukrainian Premier League: although recognized by UEFA, the Ukrainian Vysshaya Liga had to work its way up from the bottom in the UEFA coefficient standings.

Some Russian football officials, however, still hoped that the countries of the CIS could continue to send national teams to the European and World championships. The first tournament

in question was the 1992 European Championships. Would the Soviet Union participate, and if it did, who would be the participating nations in such a Soviet team? The idea was soon born that the Soviet national team would participate at the tournament as the Commonwealth of Independent States (CIS). But the struggle for control of Russian and post-Soviet football meant there was a danger that the Soviet Union, like Yugoslavia, which at that point was embroiled in civil war, would be banned from the tournament. Koloskov's proposal to include teams from several post-Soviet states in a newly created post-Soviet League was viewed by UEFA and FIFA as a potential problem. In fact the international football federations could have sanctioned such a move by banning the CIS national team from the European Championship that took place in Sweden in 1992. It was not clear which football federation would act as the official representative of the CIS. Because a team would include many players from the now independent republics, there was a general debate between the football federations of the various now independent countries over jurisdiction and selection processes.<sup>110</sup> In the end a compromise was reached which would see the various now independent federations of the former Soviet Union play together one last time under the auspice of an independent body. UEFA was always clear that the spot at Euro 1992 could only go to a team representing the entire former Soviet Union, as it was the USSR national team that qualified for the tournament. With the creation of an independent CIS team UEFA eventually cleared the participation of the CIS at the 1992 tournament on February 4, 1992.<sup>111</sup>

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<sup>110</sup> *Sovetskii Sport*, 27 Dec. 1991. 3.

<sup>111</sup> *Sovetskii Sport*, 4 Feb. 1992. 3.

For this reason the CIS FA continued to operate, and was not dissolved after the creation of the RFU. But already in February 1992 the football federations of Central Asia made it clear that they would only participate in a CIS national team if there was a CIS football championship.<sup>112</sup> In the end, a compromise was reached and all the football federations of the former Soviet Union, with the exception of the Baltic States, sanctioned the CIS participation at Euro 1992. The CIS team that competed at the tournament was made up of 15 Russians, 3 Ukrainians, a Georgian and a Belarusian. The team performed miserably and finished last in the group stage. The CIS team played their final game against Scotland, a game they lost 3-0, a sad conclusion to the history of a national team that had been crowned the first champion of Europe in 1960. Andrei Petrov from *Izvestiia* produced a fitting metaphor when he referred to the performance as the funeral of the Soviet national team. He noted that the team was made up of players who won the 1988 Olympic tournament in Seoul and came second in the 1988 European championship and therefore should have done much better. In many ways, the state of the CIS team resembled that of the former Soviet Union, where individuals played solely for themselves rather than for the team. Petrov believed that the dissolution of the USSR national team would hurt football not only in Georgia, Armenia, and Azerbaijan, but also in Ukraine and Russia.<sup>113</sup> As we will later see, none of the national teams of the successor states ever matched the success of the USSR team. In particular, smaller countries such as Georgia and Armenia have done very poorly in international competitions. After the European Championships, the CIS Team (and therefore the Soviet national team) was dissolved and replaced by the national teams of the

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<sup>112</sup> *Sovetskii Sport*, 14 Feb. 1992. 3.

<sup>113</sup> *Izvestiia*, 19 Jun. 1992. 8..

successor states. Russia played its first international match as a sovereign nation on August 16, 1992, beating Mexico 2-0 in Moscow.<sup>114</sup>

### Out of the Ashes: The Russian Premier League in the post-Soviet world

With the end of the Soviet Vysshaya Liga and the creation of national championships, it soon became apparent that only two post-Soviet states were able to stage meaningful national championships: Russia and Ukraine. Only those two countries had the population and the financial resources to compete with the national leagues of Western Europe. Furthermore, in the 1990s, the economic landscape was changing dramatically in football. As television revenue skyrocketed in England, Spain, France, Italy, and later in Germany, Eastern Europe struggled to keep up. Former hotbeds of Soviet football like Armenia and Georgia lost importance. Their domestic football declined, and all the best players moved to Russia, Ukraine, or the west. In the 1990s, only a handful of Russian and Ukrainian clubs could compete with the important clubs from Western Europe.<sup>115</sup> Many Russian and Ukrainian players also moved to the west to play in the big European leagues.<sup>116</sup> Instead of competing with big clubs from all over the Soviet Union, the Russian league became a Moscow-only competition, which for almost ten years was dominated by one club, Spartak Moscow.

Russia struggled for almost a decade before the leagues reached a competitive playing level. Until then, the Russian league system experienced reforms and uncertainty. One component that was changed regularly was the size of the league. Altering the size of the league

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<sup>114</sup> *Izvestiia*, 16 Aug. 1992. 6.

<sup>115</sup> Goldblatt, *The Ball is Round*, 685.

<sup>116</sup> *Sovetskii Sport*, 7 Apr. 1992. 3.

is a very public way of signalling reform without actually accomplishing much. The size of the first division does very little to improve youth development, the financial situation of clubs, or falling attendance figures. In 1993, the Russian Vysshaya Liga consisted of 18 teams but was reduced to 16 for the following season. The hope was that fewer teams would create a better product on the pitch, as fewer “top clubs” would actually mean better football.<sup>117</sup> But reformers failed to understand that it was not the number of clubs in the Vysshaya Liga that led to falling attendance numbers, but rather the overall poor product of the league, as stadiums crumbled and the football failed to live up to the standards set by the old Soviet Vysshaya Liga. Match fixing further devalued the Russian game and caused fans to lose trust in the integrity of the league. For example, at the end of the season a six-team promotion tournament was played between the 14th, 15th, and 16th placed teams of the Russian Supreme League and the three winners of the Russian First League divisions. The top three teams qualified for the 1994 Russian Top League.<sup>118</sup> The three teams that were relegated were Chornomorets Novorossiysk, Luch Vladivostok, and Okean Nakhodka. Controversy surrounded this tournament, and Nakhodka alleged that matches were fixed in order to ensure that the Pacific clubs would go down.<sup>119</sup> A 2010 report on match fixing by *Sport Ekspress* journalist Igor’ Rabiner supports this allegation. According to Rabiner, match fixing was used to ensure that Vladivostok and Nakhodka would go down, because teams in the Russian Premier League did not want to travel to the Russian Pacific region.<sup>120</sup> In the light of the memorandum of the big five Moscow clubs that torpedoed the creation of a CIS championship, Rabiner’s allegations make sense. The European clubs of Russia’s championship simply could

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<sup>117</sup> *Izvestiia*, 10 Mar. 1993. 8.

<sup>118</sup> *Izvestiia*, 12 Nov. 1993. 8.

<sup>119</sup> *Sovetskii Sport*, 7 Dec. 1993. 3.

<sup>120</sup> *Sport Ekspress*, 15 Sep. 2010. <http://football.sport-express.ru/reviews/7994/>, accessed 24 November 2011.

not afford to have their teams travel all the way to Russia's Far East region. Rabiner's story becomes even more significant when one looks at the league reforms for the 1996 season, in which the league was expanded back up to 18 teams; clearly the reform that reduced the league to 16 teams was intended as measure to rid the Russian Vysshaya Liga of the two clubs based in the far east of the country.<sup>121</sup>

The experiments were considered necessary because several clubs had begun to struggle: it was believed that more teams and consequently more home games would increase revenues through increased attendance numbers. But the reforms actually lowered the value of the league because the constant reforms gave fans the impression that the people who were running the competition lacked creative solutions that would make football more competitive in the country. In 1996, therefore, a new league board was introduced under the leadership of Nikolai Tolstykh. The goal was to reform the league by introducing professional standards similar to those in the United Kingdom. In the United Kingdom, the clubs of the former Football League broke away from the Football Association (FA) in order to set up a league that was able to negotiate independently (without the consent of the FA) contracts with television and commercial partners. But in Russia, the new league remained under the structure of the federal Professional Football League (PFL), which was set up in 1992 to govern the upper echelons of Russian football. While club officials hoped that new structures would ensure greater economic stability, it soon became evident that the Russian Football Union to which the PFL had to answer was not able to bring prosperity to its first division. Several clubs, such as TsSKA Moscow and Torpedo

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<sup>121</sup> *Izvestiia*, 2 Mar. 1996. 6.



Moscow, struggled to meet the financial criteria set out by the PFL in the early 1990s (the latter was saved temporarily when the Luzhniki Group bought the club and transferred it to the Luzhniki stadium).<sup>122</sup>

Furthermore, the league sold its commercial rights to the International Management Group (IMG). IMG then sold the naming rights of the league to the Danish toothpaste and gum company Stimorol, which meant that the league was officially called Stimorol Liga from 1996 onwards.<sup>123</sup> This sponsorship agreement rang in a new era of professionalization, but naming the league after a toothpaste producer did little to return glamour to a league that was still struggling from the consequences of the fall of the Soviet Union and from the lack of competition caused by the fact that many top teams had left the league. Increasing the size of the league from 16 to 18 clubs further watered down the competition, as Russia simply did not have the capacity for an 18-team competition, and more teams simply meant more meaningless games. As a result the average attendance in the league dropped—for example Spartak Moscow saw its attendance drop from 11,750 average visitors per home game in 1995 to 8,594 in 1996.<sup>124</sup> As Russia tried to come to grips with new political realities and high-speed capitalism, increasing the number of clubs was bound to produce an inferior product. Furthermore, with the memories of the old Soviet Vysshiaia Liga games between big clubs from different republics still vivid, people were simply not interested in seeing Spartak demolish another provincial team from cities such as Sochi, Naberezhnye Chelny, or Kamyshin.

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<sup>122</sup> *Sovetskii Sport*, 2 Mar. 1996. 1. See chapter 2 for more details.

<sup>123</sup> *Izvestiia*, 1 Apr. 1995. 4.

<sup>124</sup> <http://www.sports.ru/tribuna/blogs/mydiary/107510.html> accessed 13 December 2014.

In 1998 the league pyramid was changed once more as Koloskov announced that Russian football would see yet more restructuring. The Russian Vysshaya Liga returned to its previous format of 16 teams, as most of the big clubs were still fighting the reduction in attendance numbers. But there were also reforms in the lower leagues. The RFU, for example, returned the control of the Russian Third League to the provincial football federations, which in turn returned the league to amateur status (from 1993 to 1997 the Russian Third League was a professional league). This restructuring, in some ways, saw a return of the Soviet practice whereby the lower tier leagues became regional competitions. As the Russian Second League was expanded from three to five divisions, football authorities hoped that clubs could save money by regionalizing lower leagues as teams could significantly cut down their transport costs. Travel was always one of the biggest expenses for smaller clubs in Russian football, especially for clubs like Chita, Vladivostok, and Nakhodka, which are located in the far east of the country. The splitting up of the league into more regional competitions was intended to limit the amount of travel for smaller clubs and increase attendance numbers through ensuring more games between local rivals.

Another big problem for the clubs of the Second League was the transport cost of referees; Nizhny Novgorod, for example, had to pay 10 million roubles to transport one referee who came all the way from Moscow (which isn't even that far by Russian standards) and other clubs had to pay even more for the transportation costs of officials. Koloskov promised that the RFU would make it possible for clubs to invite referees from the neighbouring regions. Another cost-cutting measure was to allow teams with especially long journey times to play three games in a row away from home followed by three games at home. Some of the smaller clubs

sponsored by governors, enterprises, or factories, were in financial trouble—at some clubs players had to sleep in the bus for away games and were required to bring their own food.<sup>125</sup> Many of these reforms have to be seen in light of the financial crisis that hit Russia in 1998. The rouble was massively devalued, which certainly had an effect on the costs for smaller teams (the big teams from Moscow concluded most of their transactions in dollars).<sup>126</sup>

Russian football, along with the Russian economy, began to recover in 1999. As the journalist Victor Gorlov remarked on the increase in attendance, ‘When there is no bread at least there is the spectacle of spring football’.<sup>127</sup> In fact, attendance figures were up on the very first day of the Russian First Division season. In Astrakhan 17,000 fans (the stadium only fit 15,000) wanted to see the First Division match between the home team Volga-Gazprom and Metallurgist Lipetsk. The same phenomenon could be observed in cities like Saratov, Tomsk and Tula. Gorlov believed that the main reason was that in hard economic times, when many cinemas and theaters were closed and people could not go on holidays, football provided one of the few sources of entertainment. Furthermore ticket prices were relatively low.<sup>128</sup>

In 2001 the league was once again reformed when clubs of the top division broke loose from the Russian Football Union and the PFL to create a new competition called the Russian Prem’er Liga (Russian Premier League, RPL). The clubs of the top division were now able to govern the league, and the league could make decisions without having to consult the clubs of

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<sup>125</sup> *Izvestiia*, 3 Nov. 1998. 11.

<sup>126</sup> *Izvestiia*, 18 Aug. 1998. 1.

<sup>127</sup> *Izvestiia*, 3 Apr. 1999. 8.

<sup>128</sup> *Ibid.*

the First Division or the RFU.<sup>129</sup> With this development, the top clubs of Russia's top league followed the lead of other European leagues, most prominently the English Premier League, by creating a more independent competition governed by the clubs rather than by the national football federation. The English Premiership, established in 1992, had become the benchmark for independently run football leagues by the early 2000s. In England, the establishment of the Premiership was accompanied by rising TV revenue and attendance numbers, and had become a model of Anglo-Saxon capitalism—a deregulated and entrepreneurial free market.<sup>130</sup> It was an alluring model, one that promised more revenue for the top clubs, because as an independent league the RPL was no longer forced to share revenue with the lower divisions. Yet as we will later see in chapter 2 the only thing that the Russian Prem'er Liga—aside from the name—would share with its English namesake was the fact that many of its top clubs were purchased either by corporations or by rich investors.

In fact, even after it opened up to investors from abroad, the Russian league faced disadvantages compared to other competitions in Europe. For one, there were the issues of geography, travel, time differences, and weather. As we have already seen, the clubs based in the European Russia were not happy when clubs from the Russian Far East managed to be promoted to the Russian top flight. This became an issue again when Luch Vladivostok achieved promotion in 2006 and remained in the top division for three years. At the time, Vladivostok was seven time zones ahead of Moscow. The fans of the Moscow clubs had to travel eight hours by

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<sup>129</sup> <http://eng.rfpl.org/rfpl/championat/> accessed 21 December 2014.

<sup>130</sup> Goldblatt, *The Ball is Round*, 740.

plane or seven to eight days by train to travel with their team.<sup>131</sup> The continued presence of clubs from the Far East threatened the competition financially as games in the Far East were extremely unpopular with the fans and television companies due to the big time difference. Fortunately for the clubs of the Russian Premier League, Vladivostok was relegated in 2008. Teams from the Far East also had a financial disadvantage due to the relatively low economic development of the Russian Pacific region in addition to the high cost of travel. Nakhodka and Vladivostok already had some of the highest budgets in the inaugural Russian Vysshaya Liga season, and were only able to survive because of financial contributions from the regional government.<sup>132</sup> The new league structure gave more power to clubs from Western Russia, as these were the most popular and financially successful clubs. As part of an independent league, these clubs were now given new weapons that could be used to ensure that the football gulf between western Russia and the Far East would remain in place and that consequently, clubs such as Vladivostok could simply not survive in the RPL.

The creation of the RPL also meant that there would be an even bigger gap between the RPL and the Russian First Division, which now fell under the jurisdiction of the PFL. Here, clubs from all of Russia's time zones were present, from the enclave of Kaliningrad, which is located between Poland and Lithuania, to Khabarovsk on the Chinese border. The Russian based journalist Marc Bennetts wrote: 'When the sun is rising in Kaliningrad, the working day has long

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<sup>131</sup> Bennetts, *Football Dynamo*, 143.

<sup>132</sup> *Sovetskii Sport*, 13 Feb. 1993. 3. and *Sovetskii Sport*, 27 Feb. 1993. 3.

finished in Khabarovsk.<sup>133</sup> When Vladivostok played in the Premier League, the club would travel to Moscow and play three or four away games on one trip, in order to save money and to give players more time to recuperate.<sup>134</sup> Long-distance travel has long been one of the main issues for Russia's professional sport teams, and plane travel accounts for a significant proportion of clubs' budgets. In 2011 the entire Kontinental Hockey League (KHL) team, Lokomotiv Yaroslavl, along with their coaching staff, perished when their plane crashed shortly after takeoff in Yaroslavl. The reason for the crash was the poor maintenance of the 32-year-old Yak-42 plane.<sup>135</sup> It is hard to imagine that Russia's top clubs use such old planes, but for the bottom clubs of the Russian Premier League and all the clubs of the Russian First Division, flying in poorly serviced aircraft is a common reality.

The other issue is Russia's winter and it was for this reason that the Soviet Vysshaya Liga and later the Russian Premier League played its season on a spring to fall schedule. Clubs, however, believed that this schedule gave them a disadvantage in international competitions, for all other European top leagues played from fall to spring. Beginning with the 2011 season, the Russian Premier League switched its calendar, with the first half of the season played between the spring of 2011 to the fall of 2012. The top eight teams of the spring to fall campaign then competed for the championship and European cup places. The bottom eight played to avoid relegation. The massive First Division was reduced from 20 to 18 teams.<sup>136</sup> With this last reform

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<sup>133</sup> *Ibid.* 212.

<sup>134</sup> *Ibid.* 212.

<sup>135</sup> <http://en.rian.ru/russia/20110908/166504776.html> accessed at 15 January 2013.

<sup>136</sup> [http://www.uefa.com/memberassociations/association=rus/news/newsid=1527870.html?cid=PULSE\\_TW](http://www.uefa.com/memberassociations/association=rus/news/newsid=1527870.html?cid=PULSE_TW) accessed 15 January 2013.

the Russian Premier League aligned its league system with the major European competitions. The hope was that clubs would be more competitive in international competitions. Yet the gulf between the big clubs and the smaller clubs in Russia is still wide and the league has not been able to achieve the international strength of the old Soviet Vysshaya Liga. The move to the European calendar, as it is often referred to in Russia, has not helped to improve the performance of Russian clubs in European competitions. While the big clubs have managed to survive the group stage of the Champions League, they usually then fail to make it past the round of 16, which is played in February, at a time when the Russian Premier League is still holding its winter break. In 2013-14, for example, Zenit Saint Petersburg managed to qualify for the round of 16, but lost at home to Borussia Dortmund 2-4. The game was played February 25 while Zenit was still preparing for the second half of the season, whereas Dortmund was already back in full competition mode as the German Bundesliga's winter break ends in late January. The return match played March 19 showed a much stronger Saint Petersburg side, as the Russians won the game in Germany 1-2, but as they had lost the home game so comprehensively the otherwise good result was not enough to see them qualify for the next round.<sup>137</sup>

Zenit's case in 2013-14 is exemplary of the failings of Russian football in Europe's premier competition. New stadiums might, in the long term, make it possible for Russian football to align its calendar with that of other European leagues, but new arenas would not necessarily fix the vast competitive gulf between the top clubs and the bottom clubs in the Russian Premier League. As we have seen, the short history of the Russian Vysshaya Liga and later the Russian Premier League is one of constant reform, as the functionaries of Russian football have

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<sup>137</sup> <http://www.uefa.com/uefachampionsleague/season=2014/clubs/club=52826/matches/index.html> accessed 19 December 2014.

repeatedly tampered with the makeup of the league in order to make it more competitive and appealing. Yet the 1990s and 2000s have demonstrated that the independent Russian football pyramid was inferior to the Soviet Vysshaya Liga. The RPL was supposed to make the league more attractive, and the league's cycle was changed to fall to spring, as in most European countries, in order to increase the international competitiveness of Russian clubs. The creation of the RPL also heralded a new era of big investment in Russian clubs, but as we will see in chapter 2 many of these investments were due to economic factors that were not under the control of the RPL and the Russian Football Union. Investment in Russia's top clubs and the consistent failure to create a league that would be as competitive as the old Soviet Vysshaya Liga therefore soon turned into nostalgia for the old Soviet championship. Russian top clubs along with big clubs from other post-Soviet states hoped that the old Vysshaya Liga could be resurrected in the form of an independent international tournament.

#### Football in the post-Soviet Space: From Rivalry to Cooperation?

The idea of a new international league that would involve some of the newly independent states is not new. As we saw above, Koloskov had already brought the idea into play right after the fall of the Soviet Union in 1991. A tournament was soon set up and the Commonwealth of Independent States Cup (CIS Cup) competition was held for the first time in 1993. This tournament, which would take place annually, was envisioned as a sort of Champions League for the countries of the former Soviet Union. The organization and finances of the tournament were arranged by Viacheslav Koloskov's Football Union, and the main sponsor was Markos Shiapanis, a Greek businessman and the owner of the lottery company Lotto Million.<sup>138</sup> Lotto

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<sup>138</sup> *Sovetskii Sport*, 2 Feb.1993. 3.



Million along with the National Sport Fund sponsored the tournament, and paid for the prize money.<sup>139</sup> The prize money for the tournament was set at US\$50,000, a small sum especially when compared to today's standards, but nonetheless a figure that clubs could not pass up within the financial insecurity of the post-Soviet collapse.<sup>140</sup> Shiapanis, a Greek émigré, became a rather prominent business magnate in the early 1990s. According to an article published in the *Kommersant* in 1993, he was involved in a deal which saw the Soviet Olympic Committee purchase lottery licences. This venture became known as Lotto Million, and by 1993 kiosks operated in all major Russian cities; the new tournament was part of his investment strategy to grow his brand name even further in the post-Soviet space.<sup>141</sup> All countries from the former Soviet Union (as well as the Baltic States, even though they were not part of the Commonwealth of Independent States) were willing to send their champions—except for Ukraine, which boycotted the event.<sup>142</sup> In his article for *Krasnaia Zvezda* Sergei Aksenov writes that everything had been done to get the Ukrainian team to play in Russia, and that Ukraine's champion Tavriia actually had wanted to participate. The club had to withdraw, however, when the president of the Ukrainian Football Union threatened to fine the club if it were to take part. Even high level talks between the advisor to the Russian President Shamil Tarpishchev and the Ukrainian Football Federation brought no results.<sup>143</sup> The Ukrainian FF stated that they did not want Tavriia to participate because the tournament was played indoors and on synthetic grass. The real reason, however, was that Ukrainian officials feared that participation at the CIS Cup could result in

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<sup>139</sup> *Izvestiia*, 2 Feb. 1993. 8.

<sup>140</sup> *Izvestiia*, 8 Feb. 1994. 7.

<sup>141</sup> *Kommersant*, 7 Aug. 1993. <http://kommersant.ru/doc/55958>, accessed 25 November 2011.

<sup>142</sup> *Izvestiia*, 26 Jan. 1993. 8.

<sup>143</sup> *Krasnaia Zvezda*, 26 Jan. 1993. <http://dlib.eastview.com/browse/doc/3373065> accessed 17 November 2014.

UFF losing independence, as Russia was still hoping to create a Eurasian Football Union.<sup>144</sup> Teams from Kazakhstan and Uzbekistan were also unable to attend as the economic situation in their countries made it impossible for these clubs to pay their travel expenses.<sup>145</sup> Spartak won the tournament by beating Belarus Minsk (formerly Dinamo Minsk) 8-0, but as *Pravda* wrote in its post-tournament report, the full potential of the tournament was not reached due to the absence of the Ukrainian champion.<sup>146</sup>

It was not until 1995 that Ukrainian clubs would compete at the CIS Cup when Shakhtar Donetsk (not the Ukrainian champion Dinamo Kiev) participated.<sup>147</sup> As the years passed, however, the tournament was increasingly demoted to a pre-season affair played in the long Russian winter break. By the early 2000s the big clubs from Russia and Ukraine only sent their reserve teams to compete.<sup>148</sup> The problem was the wide gulf between the Russian and Ukrainian clubs and the clubs from the rest of the CIS countries. Results like Spartak's 8-0 over Minsk became common and only the games between the Ukrainian and the Russian champion offered attractive football.

The big clubs from Russia and Ukraine now focused on the financially more attractive UEFA Champions League. It is no coincidence that the inauguration of a more lucrative pan-

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<sup>144</sup> *Sovetskii Sport*, 19 Jan. 1993. 1.

<sup>145</sup> *Krasnaia Zvezda*, 26 Jan. 1993.

<sup>146</sup> *Pravda*, 2 Feb. 1993. 4.

<sup>147</sup> *Izvestiia*, 7 Feb. 1995. 8.

<sup>148</sup> *Izvestiia*, 3 Feb. 1998. 6.

European championship in 1992 came right after the fall of the Soviet Union. Until the early 1990s UEFA was a relatively small operation within FIFA, but with the fall of communism in Eastern Europe, it expanded fast, absorbing the new successor states of Czechoslovakia, Yugoslavia, and all the former Soviet Republics west of the Caucasus (Kazakhstan was also accepted in 2002). This not only gave UEFA enormous voting power within FIFA, but also bolstered UEFA's capacity to fight off private investors who wanted to create a European Super league. Instead UEFA turned the old European Cup into a new enterprise known as the UEFA Champions League. The competition was completely rebranded and adopted the FIFA World Cup model of centralized television and exclusive sponsorship.<sup>149</sup> The competition was a huge success: in 2006 the financial pot that went to the 32 starters of the Champions League was around €400 million, and clubs received €10 million just for qualifying.<sup>150</sup> It was therefore no surprise that by the early 2000s the CIS Cup was no longer seen as a viable tournament by Russian and Ukrainian clubs.

Russian and Ukrainian clubs soon realized that their respective home leagues might simply not have the quality to allow clubs from Russia or Ukraine to be competitive at the Champions League level. The CIS Cup did not seem to fill that gap. But already in the late 1990s there were rumours that Ukrainian clubs would be interested in playing in a league with the best Russian clubs. Shakhtar's long time coach Mircea Lucescu has spoken publicly that he would prefer to have his club play in the Russian league simply because he feels that he would be able

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<sup>149</sup> Goldblatt, *The Ball is Round*, 692-693.

<sup>150</sup> *Ibid.* 695.

to build a more competitive club.<sup>151</sup> Up to this point UEFA, with a few exceptions, had disallowed transnational competitions, because it did not want to have rivals for its own international tournaments. But as the first decade of the 21<sup>st</sup> century ended, such a new competition was looking much more possible. Anthony King of the University of Exeter believes that global economic changes will alter the way UEFA will negotiate with clubs and federations.

King writes:

the clubs are no longer subordinate, but are at least as important as the federation and UEFA themselves. Major European clubs, as part of a transnational network, are likely to constitute a critical nexus in this new geography, but interaction and competition between them may be mediated by collective agreements between multiple actors: the clubs themselves, UEFA, the federations, the European Commission, national governments, all heavily influenced by the media and sponsors.<sup>152</sup>

In July 2012 Gazprom became one of the premium partners of UEFA and more importantly UEFA's premium club competition the UEFA Champions League.<sup>153</sup> As a major sponsor of UEFA and the Champions League the Russian gas company could soon be able to influence the power politics of the European football association.

On November 24, 2012 Aleksei Miller, chairman of Gazprom, gave an interview on the official homepage of Zenit Sankt Petersburg in which he proposed the creation of a new Commonwealth of Independent States championship.<sup>154</sup> The idea of a new CIS competition was

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<sup>151</sup> Olaf Sundmeyer, *Tor zum Osten* (Göttingen, 2012), 174.

<sup>152</sup> Anthony King, 'Regulatory regimes in European Sport', in Alan Tomlinson, Christopher Young, and Richard Holt (eds.), *Sport and the Transformation of Modern Europe* (London, 2011), 182.

<sup>153</sup> <http://de.uefa.com/uefa/mediaservices/mediareleases/newsid=1839775.html>, accessed 16 January 2013.

<sup>154</sup> <http://www.fc-zenit.ru/main/news/61664.html?ns=1&mn=11&yr=2012&tx=%D0%9C%D0%B8%D0%BB%D0%BB%D0%B5%D1%80> accessed 5 December 2012.

then the subject of various media platforms, and has wide support with many of the oligarchs who currently operate the biggest football clubs in Russia, Ukraine and other countries of the former Soviet Union. There are many examples of transnational football leagues: FC Vaduz (Lichtenstein), and Swansea City FC (Wales) play in the far more competitive national leagues of their bigger neighbours Switzerland and England respectively. The Netherlands and Belgium have introduced a newly combined women's football league as of the 2012-13 season. In order to accept a new football league, the UEFA executive committee would have to vote in favour of such a move. When former UEFA president Michel Platini was voted president of UEFA in 2007, many of his votes came from the football associations of Eastern Europe, and it was therefore believed that he would be accommodating.<sup>155</sup> Many clubs came out in support of such a new league: Akhmetov the wealthy owner of Shakhtar Donetsk (Ukraine), as well as the management of Rubin Kazan (Russia), and BATE Borisov (Belarus) have publicly spoken in favour of such a new competition.

As we have seen above, the creation of a new CIS Supreme League is not a new idea, and has been discussed since the breakup of the Soviet Union. The difference this time, perhaps, is the level of the talks, and the fact that the proposal has come from the chairman of Gazprom Aleksei Miller. The transnational hockey league KHL, for example, was created under the leadership of Aleksander Medvedev, the deputy chairman of Gazprom. The KHL, now in its seventh season, has expanded beyond the former Soviet Union and has teams active in Croatia, Slovakia, and Finland, with further expansion planned in Italy, Switzerland, and Germany. The league also operates a franchise in Donetsk—but due to the political situation in the Donbass it

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<sup>155</sup> *Sueddeutsche Zeitung*, 5 Dec. 2012.

has chosen to sit out the 2014-15 and 2015-16 seasons.<sup>156</sup> A new football league under the umbrella of Gazprom, with the support of UEFA, would even further sharpen the profile of the company as the big unifier of post-Soviet space.

The debate on creating a new competition gained even more momentum when Lokomotiv Moscow President, Ol'ga Smorodskaya, and all-powerful president of TsSKA Moscow, Evgenii Giner, backed the idea.<sup>157</sup> Giner said that he would be especially interested in a Russian-Ukrainian Super League and that such a league could begin in the 2014-15 season. The two countries would, however, have to keep their respective starters in European competitions.<sup>158</sup> By 2013 the planning stage of a new competition continued under the leadership of Valerii Gazzhev, then president of the Russian club Alania Vladikavkaz. A non-profit organization had been set up that would oversee the establishment of the new league. Gazzhev believed that the new league would help to solve the financial and structural problems of football in Ukraine and Russia. He also hoped that the new league would increase the revenue of clubs in the region by 30 to 50 per cent, due to the increase in sponsorship deals, television revenue, and spectator numbers.<sup>159</sup> The competition even set up a Facebook page.<sup>160</sup>

Another big incentive for Russian and Ukrainian clubs to create the new league was UEFA's creation of Financial Fair Play (FFP). FFP was designed to prevent overspending by

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<sup>156</sup> <http://en.khl.ru/official/22017/> accessed 16 January 2013.

<sup>157</sup> *Sport Ekspress*, 8 Dec. 2012. 1 and 5.

<sup>158</sup> *Sport Ekspress*, 14 Dec. 2012. 1.

<sup>159</sup> *Sport Ekspress*, 14 Jan. 2013. 1 and 4.

<sup>160</sup> <https://www.facebook.com/pressunitedfc> accessed 14 December 2014.

football clubs that competed in UEFA competitions. The rule was meant to compel clubs to stay within their financial means without the help of investors; in other words, clubs were only permitted to spend money that they generated themselves. Furthermore, UEFA began to treat cash injections by owners as loans that counted against FFP.<sup>161</sup> This posed a problem for clubs from Russia and Ukraine where there is almost no revenue apart from that provided by the oligarchs, and state companies. Furthermore, television stations in Russia and Ukraine pay very little for television rights, and ticket prices are cheap in comparison to those in Western Europe. The new league was supposed to fix that problem as Gazprom offered to pay €1 billion for the television and sponsorship rights of the competition, which would put the league in a financial category similar to the Champions League.<sup>162</sup>

In the summer of 2013 the organizational committee of the league arranged a so-called Unified Tournament. The tournament, which included Dinamo Kiev and Shakhtar Donetsk from Ukraine, and Zenit Sankt Petersburg and Spartak Moscow from Russia, was played in Ukraine and Russia, with a turnout of 51,000 people at the final between Dinamo Kiev and Spartak Moscow in Kiev.<sup>163</sup> The high attendance, for what was seemingly one of many friendly matches set up during pre-season, showed that a joint league between Ukraine and Russia might have been an attractive proposition. Yet the events of 2013-14 following the Maidan demonstrations in Kiev and annexation of the Crimea by Russia meant that clubs no longer publicly spoke about the possibility of such a competition.

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<sup>161</sup> <http://www.financialfairplay.co.uk/financial-fair-play-explained.php> accessed 14 December 2014.

<sup>162</sup> <http://rt.com/sport/football/football-league-gazprom-ukraine-russia-511/> accessed 14 December 2014.

<sup>163</sup> [http://www.fcynamo.kiev.ua/ru/matches/dynamo/matches/match\\_2668/](http://www.fcynamo.kiev.ua/ru/matches/dynamo/matches/match_2668/) accessed 14 December 2014.

Geopolitics aside, FIFA and UEFA also remain major stumbling blocks to the creation of a new competition. At a meeting on January 21, 2013 former FIFA president Joseph Blatter announced that FIFA would not support the creation of a new CIS Championship. He also urged the new head of the Russian Football Union, Nikolai Tolstykh, to ensure the stability of the Russian championship. Tolstykh was president of Dinamo when the club petitioned for an independent Russian football federation and league. Both Blatter and Tolstykh believed that a new CIS championship could threaten FIFA's structure and would set a precedent that would dislodge the FIFA football pyramid structure.<sup>164</sup> Gazzaev, in a response to Blatter in the Russian sports daily *Sport Ekspress*, stated that the work of the new CIS body would continue, and that a proposal would be put forward to UEFA to start as soon as 2014.<sup>165</sup> But another obstacle was the fact that some post-Soviet states would not be allowed to participate; as it stood, only clubs from UEFA could participate in a new CIS League. This would mean that financially wealthy clubs from Central Asia would be excluded from the new competition.<sup>166</sup>

While legal issues and the conflict in Ukraine have postponed the establishment of the competition, the creation of a new football league in the former Soviet Union could change the face of European football. Already the big clubs of small countries such as the Netherlands, Belgium, Portugal, and Scotland are seeking to create new championships that would allow them to compete with the big leagues of England, Spain, Italy, France and Germany. At the time,

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<sup>164</sup> *Sport Ekspress*, 21 Jan. 2013. 2.

<sup>165</sup> *Ibid.*

<sup>166</sup> *Sport Ekspress*, 4 Dec. 2012.



Glasgow Rangers chairman, Charles Green, threatened UEFA that he would use sex-discrimination laws in order to sue UEFA, which has so far banned the struggling club from transferring to the English competition. Green argued that the BeNe Women's League sets a precedent for clubs to create new competitions.<sup>167</sup> The precedent, however, would be even more significant if UEFA went ahead and allowed a new competition in Eastern Europe. This would explain Blatter's strong reaction against a new competition within the CIS. Now the question arises as to what will happen if clubs like Rangers sue UEFA successfully at the European court. The Scottish lawsuit aside, the creation of a transnational post-Soviet league could result in fundamental changes in the structure of European football, in that other European countries may seek to merge their leagues with their neighbours in order to stay competitive with the major leagues in Italy, Germany, Spain, and England.

While it appeared that geopolitics had killed the return of the Soviet Vysshaya Liga, the Russian Premier League continued a policy of expansion. In October 2014 the Russian Premier League (RPL) signed a memorandum of cooperation with the Professional Football League (PFL) of Kazakhstan. The agreement between the two leagues included the establishment, by the RPL, of an educational centre in Kazakhstan for coaches and football managers. Russian clubs were to set up cooperation agreements with clubs from Kazakhstan. There was also speculation that the two leagues could be merged in the future, but this suggestion was quashed by the head of the PFL, Olzhas Abraev.<sup>168</sup> With the emergence of FFP, Russia's top clubs were looking for

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<sup>167</sup> *Guardian*, 11 Jan. 2013. <http://www.guardian.co.uk/football/2013/jan/11/rangers-charles-green-cross-border-league> accessed 16 January 2013.

<sup>168</sup> <http://kazpravda.kz/en/news/sports/professional-football-leagues-of-kazakhstan-and-russia-signed-moc> accessed 14 December 2014.

ways to generate more income through television and attendance revenues, and it seemed that the only way to do so was by creating a new competition. The expansionist policy of the RPL also came at a time when Russia, under president Vladimir Putin, was looking to expand and was negotiating deals with former Soviet republics to set up a Eurasian Union, which some commentators have suggested is fuelled by the countries' nostalgia for the Soviet Union.<sup>169</sup> The Russian sport journalist Aleksandr Poliakov has stated to EurasiaNet.org that the Unified League is now "a political project. Putin wants it. It's a priority for him. He wants to go down in history as a 'collector' of lands."<sup>170</sup> It seems, therefore, that the Russian Premier League, once a geopolitical tool of the Soviet Union, has now become a tool in Russia's geopolitical game.

### Conclusion

The transition of the Soviet Football Federation and its league structure, with its prime asset of the Vysshaya Liga, to a set of independent football federations and their respective leagues epitomizes what happened to Soviet institutions in the period between 1987 and 2014. The power struggle between the clubs and the football federation over the legacy of the Vysshaya Liga is similar to other power games that were played out during the reform process of the Gorbachev administration. The administration of a league has prerogatives such as setting transfer rules, issuing bans on players, and imposing rule changes over important matters such as the size of the competition. The struggle between the Football Federation and the top Soviet clubs was, therefore, in essence, a struggle over power, money and influence, as whoever was in charge of the league would be able to set rules that would strongly influence decision-making processes in the club structures. Between 1987 and 1991 Koloskov, as the representative of

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<sup>169</sup> <http://www.businessinsider.com/why-russia-backs-the-eurasian-union-2014-8> accessed 14 December 2014

<sup>170</sup> <http://www.eurasianet.org/node/68531> accessed 14 December 2014.

Goskomsport, represented the old institutional nomenklatura whereas Lobanovskii represented the clubs who were fighting to dissolve the old centralized structures of football. The clubs believed that they were better suited to manage the upper echelons of Soviet football and were increasingly frustrated with the bureaucratic and centralizing approach of Goskomsport and the Football Federation.

We will never know how the story might have ended as the Soviet Union collapsed in December 1991. At the same time, events that took place in the Baltic States and Georgia indicate that Koloskov was not all-powerful. All three federations were able to gain independence from Soviet football before the actual independence of the countries to which they were attached. While Koloskov successfully blocked the entrance of the newly independent federations to the world and European football government bodies FIFA and UEFA, he was unable to defer the independence of the Ukrainian Football Federation. The fact that the newly independent Georgian Football Federation and its league still received cash from the centre shows that Koloskov and Goskomsport were either unable to grasp new political realities or were simply fighting to preserve as much power of the old Soviet Football Federation as possible. The events that occurred in Russian football following the break up of the Soviet Union were closely followed by *Sovetskii Sport*, and it appeared that in the early years following the breakup of the Soviet Union the paper maintained its line of openness by reporting on events as they happened.

The theory that Koloskov was simply trying to preserve as much power as possible for a new football governing body is further supported by the political intrigue that played out in the

immediate aftermath of the Soviet collapse. The debate as to whether or not Soviet football could be preserved in a new guise saw the same old conflict between new and old actors in the recently independent Russian Federation. Once again, Koloskov was at the centre of the fray, fighting an apparently losing battle to preserve as much as possible of the Soviet Football Federation and its league in a new format known as the CIS League and CIS Football Federation. While it appeared for a long time that new actors would take over control of Russian football, in the end it was Koloskov who was able to preserve his power, and provide continuity of leadership by creating a direct successor of the Soviet Football Federation in the form of the Russian Football Union. Once he had given up on the creation of a CIS Football Federation, Koloskov emerged as a winner, for through his influence with FIFA and UEFA he was able to guarantee that the newly created Russian Football Union would be considered the only successor of the Soviet Football Federation.

In some ways, his earlier ploys to create a CIS competition could be understood as a test, both in Russia, and abroad, to determine how much of Soviet football could be preserved. While Koloskov failed in his attempt to preserve Soviet football, he was successful in presenting the Russian Football Union as the only successor of Soviet football, and this gave the newly created governing body a big head start over the other post-Soviet states. This meant that Russian clubs could claim the same number of places in the lucrative European competitions as the teams of the now disbanded Soviet Vysshaya Liga had enjoyed. Thus, in the struggle for control of Russian football, the former nomenklatura emerged victorious. Although, in Russia, institutions might see many nominal reforms, the actors at the top are often essentially the same people who were running football in the Soviet era.

Yet the globalization and commercialization of football from the 1990s onwards meant that these actors had to navigate a very different world. Under these changed conditions, Russian football was unable to come up with a reform package that would return the league to the former glory of the Soviet Union. Alterations to the size of the league, calendar changes, and the introduction of the CIS Cup have all failed to bring an increase in attendance numbers, or make Russian clubs more successful in Europe. This explains why, in the end, reformers came up with the idea of re-creating the old Soviet football pyramid by merging the leagues of several post-Soviet states. For observers from the media, the expansionist tendencies of the Russian Premier League showed that the failures of reform have been joined by a strong nostalgia for the days of the Soviet Union. Yet there is more to the story, as the idea of creating a more international competition must also be seen as a response to both a more globalized football world and the fact that post-Soviet teams were finding it difficult to compete in a more open European football market.

## **Owning the People's Game: Football Clubs and Ownership Structures in the Soviet Union and its Successor States**

### Introduction

The shifts in the political and economic landscape of the Soviet Union and its successor states after Gorbachev's ascent to power in 1985 had a monumental impact on the ownership structure of football clubs located in the USSR and later in the successor states of the Soviet Union. Before the reforms, clubs were not independent entities, as they were affiliated to and operated by state institutions, state-owned companies, or trade unions, which in the Soviet Union were subordinate to their respective ministries. Following the political and economic reforms of the Gorbachev era, football clubs in the Soviet Union were forced to become independent from the state or the state-owned institutions that controlled them. The main issue was ownership: who would own clubs, and how would they be structured after they became autonomous? Another question was finance: how were the clubs to survive without the financial support provided by the state? In the 1990s the game became more commercialized as clubs began to explore different ways of financing their daily business operations. Clubs were confronted not only with a change in government policies but also with a change in the commercial structure of international football—particularly in relation to sponsorship, merchandise, TV rights, and the globalization of the transfer market. Because they were dealing with these dual challenges, football clubs in the Soviet Union needed to find ownership models that would ensure financial stability along with success in the wider European context.

### Ownership Structures prior to the Gorbachev Reforms

In general, there were three different affiliation models for Soviet football clubs. In the first model, the club was affiliated with a Soviet or Republican ministry, for example the Ministry of Defence or the Ministry of the Interior. In the second scenario, a local government agency, for example a city council or a provincial government, acted as the patron of the club. In the third category, teams affiliated with companies and factories were operated directly by the factory or by a workers' union. Clubs in the third category were originally designed to be recreational teams for factory workers, but soon developed into clubs that were, in fact, professional. In all three cases, the sponsor or patron was responsible for the team's maintenance and management, as well as the infrastructure of the club. Affiliation was also flexible; some clubs moved from one branch of the state to another, and thus effectively changed ownership. This, of course, directly influenced the fortunes of individual clubs since some organizations were more capable sponsors in terms of the financial and non-financial benefits (apartments, cars, and other valuables) that they could offer individual players or the squad in general.

After the communist revolution, football clubs were immediately integrated into the state structure. In Moscow, for example, the sports association OLLS (Obshchestvo Liubitelei Lyzhnogo Sporta), which before the revolution was an officers' club of the Tsarist army, was renamed OPPV (Opytno-Pokazatel'naia Ploshchadka Vseobucha) and came under the control of the military Vsevobuch (universal military training) organization in 1924. In 1928 the club was renamed TsDKA (Tsentral'nogo Doma Krasnoi Armii) and the sports club was formally transferred to the ownership of the Red Army (what is today the Ministry of Defence). The Red Army team went through several name changes up to 1960 when it received its present name

TsSKA (Tsentral'nyi Sportivnyi Klub Armii). The Central Sports Club of the Army in Moscow was not the only sports club that was owned by the Ministry of Defence: most Soviet Republics boasted a TsSKA sports association, and minor branches known as SKA (Sportivnyi Klub Armii) operated in all military districts of the Soviet Union.<sup>171</sup> TsSKA Moscow was not the only Red Army team that played in the Soviet Top Division. The other most prominent Red Army teams were SKA Rostov-na-Donu and Pomir Dushanbe, clubs that also reached the Soviet Top Division in the 1980s and early 1990s.

Another example of a sports association that was part of a ministry was the Dinamo sports association, which was founded in 1923 in Moscow as a part of the institutional structure of the secret service under the State Political Directorate (later the Ministry of the Interior).<sup>172</sup> Like the Army sports association, Dinamo was a far-reaching sport association with branches in several cities and regions of the Soviet Union. The first Dinamo team to play topflight football in the Soviet Union was Dinamo Moscow, and by 1925 a branch of the Dinamo society was founded in Tbilisi (Georgia).<sup>173</sup> In 1927 both Minsk (Belarus) and Kiev (Ukraine) also received Dinamo teams. The respective Ministries of the Interior of the individual Soviet Republics controlled all of the Dinamo clubs, with the exception of Dinamo Moscow, which was part of the all-Soviet branch of the security apparatus. In Soviet sport the Dinamo society was the dominant force. There are four Dinamo clubs in the top ten of the all-time Soviet Vysshaya Liga table: Dinamo Moscow, Dinamo Kiev, Dinamo Tbilisi and Dinamo Minsk. Both the Dinamo and the

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<sup>171</sup> Edelman, *Serious Fun*, 45.

<sup>172</sup> <http://dynamo.su/about/history/>, accessed 25 January 2012.

<sup>173</sup> Edelman, *Serious Fun*, 45.



Red Army teams had a significant advantage when it came to signing players for their teams. Players were not officially professionals in the Soviet Union. The ministry or organization that supported their team employed them. All players for either Dinamo or TsSKA, for example, were employed either by the Ministry of the Interior or as officers by the Defence Forces.<sup>174</sup> This meant that ministry teams had greater resources available to finance the squads of their clubs. As we will later see in Chapter 4 there was a strong distinction between clubs and their players: players' contracts were signed with the organization to which their club was affiliated.

This was also true for clubs that were part of other organizations, such as Spartak Moscow, which was affiliated to Promkooperatsiia. This organization was, since 1931, the trade union for a variety of occupations—the retail trade and the service sector, for example.<sup>175</sup> Although its affiliation to Promkooperatsiia remained in place until the fall of the Soviet Union, Spartak Moscow was not a union team in the true sense because in the 1950s the club came under the patronage of the Moscow city party committee (gorkom) and the Moscow city council (Mossovet).<sup>176</sup> While Spartak as a sports society remained with the Promkooperatsiia, the Moscow city committee and city council acted as the patrons of Spartak Moscow by supporting the team financially, and by giving the club access to apartments that were used as incentives for player transfers. Spartak, like Dinamo, was a sports society with many teams in many different parts of the Soviet Union. Spartak Moscow, however, had a huge advantage over the other clubs of the Spartak society because it had the backing of the capital of the Soviet Union, and the city

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<sup>174</sup> Keys, *Globalizing Sport*, 177.

<sup>175</sup> Edelman, *Serious Fun*, 46.

<sup>176</sup> Edelman, *Spartak Moscow*, 203.

administration used all available resources to make “Moscow’s team” one of the best in the Soviet Union. All the Spartak clubs were loosely associated under the umbrella of Promkoooperatsiia and, like Spartak Moscow, had patrons within local governments. The football club Kuban Krasnodar, for example, (which despite its name was part of the Spartak society) was a pet project of Sergei Medunov, Party Secretary of the Krasnodar okrug (region), who ensured financial support for the club. Krasnodar is an excellent example of the degree to which the fortunes of a club depended on local support from party officials: Medunov lost his party position in July 1982, and, as a result, the club fell on hard times and was subsequently unable to survive in the Soviet Vysshiaia Liga.<sup>177</sup> Another well-known club of the Spartak sports society was the Armenian football team Ararat Erevan. Like Kuban, the club did not carry the team name Spartak, but instead used the more patriotic name Ararat (a mountain and national symbol of Armenia). While these clubs shared the Spartak connection, national or regional symbolism not only helped to differentiate them from one another but also guaranteed more significant funding from regional bodies. As with Spartak Moscow, Ararat and Kuban became prestige projects, and football offered an opportunity for these regions to show off their cultural, economic, and political achievements on the pitch.

The third category included workers’ union teams that were directly attached to a factory or industrial conglomerate. Prominent company teams included Zenit Leningrad, Dnepr Dnepropetrovsk, and Torpedo Moscow. The Zenit sports society, which was founded as the Stalinets, was associated with several factories in the armaments industry. Zenit Leningrad then became associated with the optical plant LOMO (Leningradskoe Optiko-Mekhanicheskoe

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<sup>177</sup> <http://www.greenmile.ru/fckuban/matchast/1982/>, accessed 30 January 2012.

Ob'edinenie) after World War II.<sup>178</sup> Dnepr Dnepropetrovsk from Ukraine was also a factory team. In 1918 students who studied with the Bryansk Metallurgical Plant founded Dnepr as BRIT (Brianskii rabochii industrial'nyi tekhnikum). In the 1930s the club became associated with a local piping factory, and the team was renamed Stal'. After World War II the team was renamed again as Metalurg and became associated with the Petrovskii Metallurgical plant. Finally, in 1961 team ownership was transferred to the Southern Machine-building Plant Yuzhmash and the team received its current name Dnepr. Thanks to the funds provided by Yuzhmash, the club was able to build a new stadium and training facilities, and Dnepr was finally promoted to top-flight football in 1971.<sup>179</sup> In addition to factory teams from the defence sector, there were also several teams from the car production sector, one of the largest industries of the former Soviet Union. Torpedo Moscow was founded as the company team of the automobile manufacturer AMO, which in the 1950s became the Russian car company ZiL (Zavod imeni Likhacheva).<sup>180</sup> Torpedo Moscow is not the only team in the former Soviet Union to carry the name Torpedo. Other Torpedo clubs, such as Torpedo Kutaisi from Georgia, were founded after World War II, and they were all affiliated with car companies and the Trud (Labour) sports society.<sup>181</sup>

The most prominent examples of clubs that were affiliated with labour unions were Shakhtar Donetsk (miners) and Lokomotiv Moscow (rail workers). Shakhtar was founded as Stakhanovets (named after the miner Aleksei Stakhanov) in 1936 to represent the workers of the

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<sup>178</sup> <http://en.fc-zenit.ru/main/history/historyclub/p4050/>, accessed 31 January 2012.

<sup>179</sup> <http://www.fcdnipro.ua/en/club/history/>, accessed 30 January 2012.

<sup>180</sup> Edelman, *Serious Fun*, 62.

<sup>181</sup> <http://www.fctorpedo.ge/index.php?geo&cat=9&mode=1>, accessed 30 January 2012.

Donbass mining district; the club was renamed Shakhtar (Miners) in 1946.<sup>182</sup> Shakhtar teams existed across the Soviet Union, and during the Soviet period Shakhtar Donetsk was part of a voluntary sports society that represented the miners' unions of various Soviet Republics.<sup>183</sup> The Lokomotiv sports society was founded in 1935 to provide cultural and physical education to the workers of the Russian railways and their families. This club, even though it was founded as part of a workers union, was actually owned by the Ministry of Transport. In Moscow, the Lokomotiv sports society in 1936 took over control of the "Club of the October Revolution", which was a football team based at the Moscow Kazan train station.<sup>184</sup> Unions in the Soviet Union were responsible for setting work standards, as well as defending workers' rights at the highest echelons of Soviet politics. These unions were also responsible for organizing countless leisure activities that would make jobs more attractive for individual workers; these activities included the sponsorship of high performance sports teams.<sup>185</sup> In a society where enterprises could not offer financial incentives, as wages were often fixed within a certain job category, other ways of attracting highly skilled labour were sought. A successful club associated to an industry was therefore a form of self-advertisement for the employer, in that it offered workers leisure activity in the form of high-class football.<sup>186</sup>

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<sup>182</sup> <http://shakhtar.com/en/club/history/?p=1>, accessed 1 February 2012.

<sup>183</sup> Edelman, *Serious Fun*, 189.

<sup>184</sup> <http://www.oorfsolokomotiv.ru/content/view/145/125/>, accessed 1 February 2012.

<sup>185</sup> Lane, *Soviet Economy and Society*, 26-28.

<sup>186</sup> Hewett, *Reforming the Soviet Economy*, 142.

## Ukraine and the Dawn of Reform in Soviet Football

When Brezhnev died in 1982, Iurii Andropov replaced him as General Secretary of the Communist Party. Although a cautious reformer, Andropov was willing to make changes to the Soviet economy that were later reflected in the structural reform of football clubs. In Soviet football much of the debate between 1982 and 1985 was centred on the need to restructure and reform. One example was an article written by the sports journalist N. Glebov in *Izvestiia* in October 1984. Glebov believed that the following measures were necessary: the elimination of egalitarianism in the distribution of revenues, the greater promotion of football, and professionalization of football clubs. In other words Glebov believed that clubs should receive revenue from Goskomsport on a performance basis.<sup>187</sup> Although *khozraschet* already had a considerable pedigree in Soviet discussion the term would later become a catch phrase for the restructuring of Soviet football. But although football functionaries were in general willing to look at reform ideas, the practice of economic restructuring would have to wait until after 1987 when Gorbachev introduced far reaching economic reforms to the country.

Football reforms in Ukraine, in the period between 1982 and 1985, show that football authorities were willing to merge and restructure clubs, but at the same time were unwilling to contemplate actual financial independence for football clubs. Ukraine is an especially interesting example of how reforms were carried out in Soviet football in general, leading up to the wide sweeping economic reform packages that were introduced by Gorbachev after 1987. In Ukraine between 1982 and 1985, football officials were aware that the inferior results of the national

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<sup>187</sup> *Izvestiia* 22 October 1984. 6.

team, and the poor performances of club teams in UEFA tournaments had led to stagnation of Soviet football. The authorities therefore reacted by introducing reforms that used the typical Soviet mechanism of centralization of club structures, and by telling clubs to use their available resources more efficiently. Ukraine was used as a test case to introduce more centralized structures by merging clubs, a process that was supervised by the Ukrainian sport committee. Although the Ukrainian sport committee did not technically control the operational aspects of senior teams on the territory of the Ukrainian SSR, it had significant influence over youth development at all clubs and could set the quota of youth players that a club had to meet. It thus controlled the distribution of youth players to the main squads in Ukraine.<sup>188</sup> While coaches might have been in charge of selection, coaching, and perhaps recruitment of players from outside the youth team, the government's interference in the youth strategies of individual clubs significantly undermined their autonomy.

The sport committee also used youth development as an excuse to restructure entire clubs. In 1982, for example, the Sport Committee of Ukraine, in an effort to promote centralization, identified several regions that had not fulfilled targets in bringing youth players up to the first team. One of these regions was the city of L'vov, and the football clubs affected were Karpaty L'vov, which was affiliated with a local trade union, and Sports Club of the Army (SKA) L'vov, which was affiliated with the army. The two clubs were merged into a single club, SKA Karpaty L'vov, and this club was put under the command of the Red Army in Ukraine. The goal was to create a club in western Ukraine that would unify the football resources of an entire

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<sup>188</sup> TsDAVO, f. 5090 op. 3 d. 1866 ll. 20-21.  
(Joint Meeting of the Football Federation of USSR, Sportkomitet Ukraine)

area and thereby improve youth structures and football infrastructure in the region. The new club was put on top of a youth development pyramid that included 43 stadiums and 1407 football fields. The Ukrainian sport committee and the Ukrainian football federation placed this program under extreme scrutiny, and progress reports were sent both to Moscow and Kiev in order to keep Goskomsport and the Sport Committee of Ukraine up to date. At the same time as the unification of the two clubs SKA and Karpaty, there was also an overall restructuring of the youth schools Spetsializirovannia Detsko-Iunosheskaia Sportivnaia Shkola Olimpiiskogo Rezerva (SDIuShOR) Karpaty and Spetsializirovannia Detsko-Iunosheskaia Sportivnaia Shkola (SDIuSSh) SKA Karpaty, which were now merged under the umbrella of the single club, and put under the command of the army sports society.

By 1985, however, there was a general feeling that the project had not yet been satisfactorily executed; calls to reform the SDIuShOR Karpaty and Detsko-Iunosheskaia Sportivnaia Shkola (DIuSSh) SKA Iunost were made because the club had not produced enough young players and had failed to gain promotion to the Soviet Vysshaia Liga.<sup>189</sup> A similar attempt was made in Poltava, where the local club Kolos underperformed in terms of both youth player education and actual results on the pitch, despite having a new 35,000 capacity stadium. The football federation felt that this degree of investment should result in improved performances on the pitch. When the desired outcomes failed to materialize, Kolos Poltava was dissolved, and a new club was founded under the name Vorskla Poltava. The new club was given control of the football infrastructure of the entire region, in an attempt to maximize the return on the significant

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<sup>189</sup> TsDAVO, f. 5090 op. 3 d. 1866 ll. 226-231.  
(Meeting protocol of the Football Federation of Ukraine SSR)

investments that had been made in new the facilities.<sup>190</sup> The name change to Vorskla, the major river of the region, indicates that the club was being given a more local identity. Both SKA Karpaty and Vorskla demonstrate that there was a willingness by football officials to reform the affiliation of clubs in the period between 1982 and 1985. Ukraine was also a typical example of the sort of reforms that took place in Soviet football in the period from 1985 to 1987. Clubs had been renamed before 1982, but the form of reorganization described above was rather untypical prior to the 1980s, and highlights the fact that Soviet football authorities in general had become willing to make some changes in football. At the same time, however, these changes were an attempt to maximize the effectiveness of the current economic system, without actually making dramatic changes to the overall structure of football clubs, as both Karpaty and Vorskla remained affiliated to state bodies.

SKA Karpaty and Kolos were not the only clubs that came under scrutiny. In May 1985 the Football Federation under the leadership of Mykola Fominykh summoned the managing committee of the football club Zaria Voroshilovgrad and their affiliated junior teams DIuSSh Torpedo Lutsk and SDIuShOR Zaria Voroshilovgrad. After a round of criticism in which the sport committee pointed out that youth development in Voroshilovgrad was not competitive enough, and that not enough young players were graduating to the Master Sport level, Fominykh advised the committee that young players should be put on individual training regimes. This was deemed necessary for Voroshilovgrad to fulfil the planned output of young players as set by the five-year plan. The criticism of the team and the tinkering with team policy once again shows the

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<sup>190</sup> TsDAVO, f. 5090 op. 3. d. 1671, ll. 15-16 and 23.

(N.F. Fominykh working paper presented to the Football Federation of the USSR on April 23 1983)



influence that the Ukrainian Football Federation as well as the sport committee had on individual teams and even players.<sup>191</sup>

As the reform program progressed, it became apparent that many of the improvements were actually a series of ad hoc measures that continued the Soviet tradition of meddling in club affairs. For example, the Ukrainian sport committee also tried to interfere in the work of the clubs at the highest level. By controlling the distribution of youth players by the clubs, the football federation took charge of a vital component of every football club in the region. These clubs included the Vysshia Liga teams Shakhtar Donetsk, Metallist Khar'kov, Dnepr Dnepropetrovsk, and Chernomorets Odessa as well as clubs from the Soviet First and Second Leagues. As the reform measures continued, the football federation as well as the sport committee began to invite coaches to plenum sessions in which they demanded to hear the progress of the measures introduced in the youth development sector. Coaches of the above mentioned teams were ordered by the sport committee to give full reports by the end of the season.<sup>192</sup> The Football Federation of Ukraine relentlessly tried to improve the results of individual clubs by inviting coaches of successful clubs to share their achievements with less successful clubs of the same republic, which in turn were often heavily criticised. Chernomorets Odessa's coach was, for example, praised in January 1985 for the team's success in the 1984 season, but when the team had a poor start in 1985 and only gained five points out of the first

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<sup>191</sup> TsDAVO f. 5090 op. 3 d. 1866 ll. 111-117.  
(Protocol 22: Presentation to the Ukrainian Sportkomitet on youth clubs in Voroshilovgrad)

<sup>192</sup> TsDAVO f. 5090 op. 3 d. 1866 ll. 69-74.  
(Protocol 21: Question and answering session with youth coaches)

eight games, the football federation began to try to control the coach's training methods and tactical methodology in an attempt to better the results.<sup>193</sup>

There was only one team within Ukraine that escaped the interference of the football federation: Dinamo Kiev. The management staff of Dinamo, led from the late 1970s onwards by Valerii Lobanovskii, reported directly to the Party Secretary of the Ukraine Shcherbitskii. After 1984, however, there were attempts by the Ukrainian Football Federation to gain power over the operations of Dinamo Kiev as well. Dinamo was accused by coaches of other teams and the football federation of centralizing the football youth development of the entire republic by effectively creating a Ukrainian national team. In 1984 only three players from Kiev were playing in the squad (Blokhin, Lozinskii, and Mikhailichenko) despite the fact that the city had three specialised schools: Dinamo, SKA and DIuSSh. The football federation, therefore, wanted to take more control over youth development in the city, and through that maneuver, control of the actual club. The president of the Ukrainian Football Federation singled out Lobanovskii for failing to cooperate with the football federation, and Shcherbitskii was called to moderate between the Dinamo coach and the football federation. Shcherbitskii, however, protected Lobanovskii, and Dinamo Kiev, from the influence of the Ukrainian football federation.<sup>194</sup> Political patronage was a common phenomenon in Soviet football, and many clubs were not just sponsored by a state institution or factory, but also received political protection from a patron. Dinamo Kiev was a good example of this, as the club received patronage from the Central

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<sup>193</sup> TsDAVO f. 5090 op. 3 d. 1866 ll. 81-83.  
(1985 season summary of Chernomorets Odessa)

<sup>194</sup> TsDAGO f. 1, op. 32, d. 2131, ll. 36-41.  
(Letter to the Party Secretary Shcherbitskii from M. Baka, and V. Dorokhov).

Committee of the Ukrainian SSR. Shcherbitskii's predecessor—head of the Central Committee, Lazar Kaganovich—most famously prevented Dinamo's relegation after the 1946 season.<sup>195</sup> This last example points out the weakness of the reform program that was initiated by the sport committee and football federation of the Ukrainian SSR. As smaller clubs were merged and placed under the direct control of the Ukrainian sport committee, bigger clubs like Dinamo were protected by political patrons, and were therefore exempt from structural reform that could undermine their status as a top club of the republic.

Furthermore, while clubs were merged or moved from one supporting organization to another in an attempt to increase efficiency, the actual financial dependence of football on the state remained unchanged. The reform efforts in Ukrainian football were therefore consistent with Andropov's overall reform attempts: he wanted greater autonomy for enterprises and production associations, but his industrial planning experiment failed to tackle the problems of centralization, as enterprises were still supposed to work within the standard set by the centre (Moscow) and the five-year plans. The measures introduced by Andropov simply were the outcome of an approach which involved continuous adjustment and restructuring to the system, but which constituted no fundamental change.<sup>196</sup> Instead of introducing new vanguard economic, and financial structures to football clubs, the Ukrainian sport committee merged clubs in order to increase efficiency and centralize youth development. In many ways the period demonstrates that what was considered a reform program was just continuous meddling by Soviet football officials

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<sup>195</sup> Zeller *Das sowjetische Fieber*, 64-65.

<sup>196</sup> Dyker, *Restructuring the Soviet Economy*, 80-82.

that produced no positive results. There were few real structural changes to football clubs, as they were still dependent on the state for financial support. In the case of Karpaty, the merger with SKA simply meant that they now had a new patron in the Army to take care of the finances.

#### Khozaschet: From Dnepropetrovsk to Union-Wide Structural Reform

Fundamental financial restructuring of clubs, therefore, had to wait until after Gorbachev came to power in 1985. In 1986 the Leningradskii finansovo-ekonomicheskii institut imeni N. A. Voznesenskogo (Leningrad Institute for Finance and Economics, also known as Finec) published an article in the Soviet business journal *EKO* on the possible restructuring of football clubs in the Soviet Union. Hoffman in his book *The Oligarchs* describes Finec as a typical Soviet institution ‘where Soviet specialists were supposedly working on the colossal unsolved problem of the Brezhnev era: how to make socialism work better.’<sup>197</sup> The institute’s job, according to Hoffman, was to find indicators that would help to improve the Soviet economy. Every industry had its own department at the institute, but Hoffman argued that free prices was not part of the institute’s agenda.

‘The one all-encompassing, great indicator of market capitalism, free prices, was not a possibility in Soviet socialism, so hundreds of thousands of researchers spent tedious years looking for other, inevitably artificial measurements of what was right or wrong, good or bad in economic life.’<sup>198</sup>

As stated in the introduction, Hoffman’s account must often be classified as sensationalist, and his numbers are therefore sometimes exaggerated. Yet, his assessment of Finec is interesting as it points out the ultimate flaw of the economic report issued by the institute, which is the fact that it looked to improve the sport without taking into account free market principles. At the same time,

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<sup>197</sup> David E. Hoffman, *The Oligarchs*, 80.

<sup>198</sup> *Ibid.* 80

the institute pointed out the importance of running clubs as financially self-sufficient entities. As we will later see the result was, therefore, a hybrid system in which clubs were supposed to be reformed to become financially independent from the state, but were not given full access to free market mechanisms.

Finec believed that 40 per cent of funding had to come through membership, no less than 30 per cent from stadium ticket sales, and no less than 15 per cent from the sale of lottery tickets, which was a funding system already in place at the time and was organized by the company Sportprognoz. Selling television rights, advertisement deals, and even selling players to the west would cover the remaining costs. Finec hoped that top teams in Leningrad, Moscow, and Kiev could implement 'organizational and economic restructuring' (organizatsionno-ekonomicheskaiia perestroika) by 1988.<sup>199</sup> The idea of organizational and economic restructuring was not new; indeed a similar idea had been around earlier in the form of khozraschet. Since the 1960s and 1970s the planners of the Soviet economy had already experimented with measures called self-management and cost-accountability, in which enterprises were pooled together into production associations and made to function under a cost accounting system.<sup>200</sup> In 1979, the Belorussian Ministry of Industrial Construction was placed on khozraschet, and in 1981 the entire construction sector followed its lead.<sup>201</sup> While limited to one sector, the idea of self-financing was later expanded when Andropov came to power in 1982. Now with the publication of the Finec article, the discussion of khozraschet had reached football.

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<sup>199</sup> *Sovetskii Sport*, 18 Jan. 1987, 3.

<sup>200</sup> Dyker, *Restructuring the Soviet Economy*, 60.

<sup>201</sup> *Ibid.* 139.

The article by Finec reconfirmed what Soviet football officials already knew, that football needed to be reformed. In 1987 Viacheslav Koloskov told *Argumenty i Fakty* that after the 1982 World Cup, Goskomsport and the Soviet Football Federations would discuss changing the structure of Soviet football to make clubs economically independent from the state and self-sustainable.<sup>202</sup> The economic authorities of the Soviet Union used the pretext of reform to force clubs to think about making economic changes, because professionalization of football was a way to end the subsidization of high performance sport. Finec's recommendation was an attempt to sell clubs on ending the costly affiliation between clubs and state authorities. In a survey conducted by *Sovetskii Sport*, players such as Iurii Savichev from Torpedo Moscow and Aleksandr Novikov, from Dinamo Moscow agreed in principle that clubs needed to be professionalized, but expressed doubt regarding the methods proposed by Finec. They believed that new financial models would not guarantee financial success, and that the end of state subsidies could destroy club structures such as youth development.<sup>203</sup> Players were also concerned that if the state was no longer in charge, clubs might not be able to afford to pay their salaries and both managers and players worried that not enough income would be generated to balance the budget. In 1986, Spartak Moscow, for example, was able to take in 420,000 roubles from ticket sales alone, but was still about one million roubles short of its required budget. Clubs also feared that external revenue sources such as television and merchandise sales were simply not practical in the economic environment of the Soviet Union.<sup>204</sup>

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<sup>202</sup> *Argumenty i Fakty* 4 July 1987. 6.

<sup>203</sup> *Sovetskii Sport*, 18 Jan. 1987, 3.

<sup>204</sup> *Sovetskii Sport*, 6 Jan. 1987, 3.

At the same time, however, the idea that clubs could become self-sustainable through membership fees gained popularity, especially with officials of the organizations that paid for the clubs. The former Dinamo Tbilisi player G. Antadze, in his capacity as member of the Georgian section of Goskomsport, rather optimistically believed that Dinamo Tbilisi could get 100,000 members to pay 10 roubles a year and in this way make up for much of the funding that the club usually received from the state.<sup>205</sup> Another voice in favour was N. Zakharov who, as the main accountant of the Production Association Donetskugol', to which Shakhtar was affiliated at the time, was responsible for directing funds to the club. He believed that Shakhtar could generate no less than 450,000 roubles per season by getting the miners of the different steel collectives of the Donbass to sign on as paying members.<sup>206</sup> Antadze and Zakharov's agendas were very clear: they thought that moving the clubs toward self-sufficiency, financed partly by membership fees, would remove the cost of running clubs from their organizations. In both cases they wanted to transfer the financial burden of financing high calibre football to the fans through ticket sales and membership fees.

The Law on State Enterprise of July 1987, changed the playing field for Soviet football: The new set of laws did little to address the concerns of the Soviet clubs, instead it stipulated that clubs now had to cover all expenses (wages, taxes, supplies, and debt service) through revenues. In this way *khozraschet* and professionalization were introduced, and clubs had to start changing

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<sup>205</sup> *Sovetskii Sport*, 23 Jan. 1987, 3.

<sup>206</sup> *Sovetskii Sport*, 1 Feb. 1987, 3.

their operations.<sup>207</sup> There was, however, a huge difference between the professionalization of player contracts and club structures, and the establishment of new ownership structures.<sup>208</sup> The Law on State Enterprises provided a foundation for reform of football clubs, but because the government continuously tweaked the law in the period between 1987 and 1990, this foundation shifted as new forms of collective ownership models emerged. These new corporate forms included joint-stock societies, economic societies, and partnerships.<sup>209</sup> As we will see later, some clubs took until 1990 to introduce changes to their management structures, but all of the clubs that restructured financially chose collective partnership models. These models allowed individuals to become effective owners of the clubs by purchasing shares or yearly memberships. This provided an immediate cash flow, and in theory would remove the clubs from financial dependence on the state.

The first club to experiment with its membership model was Dnepr Dnepropetrovsk, which was previously attached to the Southern Machine-Building Plant Yuzhmash and switched its status to become a *khozraschet* club. Dnepr was in many ways the ideal club for this experiment in that as a mainstay in the Soviet Vysshaya Liga, it was not affiliated to one of the large ministries, and also was not backed by a patron. Like Shakhtar and Donetskugol', Yuzhmash was supportive of the club's break with the factory because the club would then no longer be dependent on its financial assistance. The club also closely followed the

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<sup>207</sup> *Argumenty i Fakty* 4 Jul. 1987, 6.

<sup>208</sup> Edelman, *Spartak Moscow*, 283.

<sup>209</sup> Stephen Lucas, and Yuriy Maltsev, 'The Development of Corporate Law in the Former Soviet Republics', *The International and Comparative Law Quarterly*, Vol. 45, No. 2 (Apr., 1996), 370.



recommendations made by Finec. When the club announced their move to self-sufficiency, Gennady Zhizdik, manager of the club, declared that most of the income would come from spectators and from the club's membership fees. He expected that about 30,000 people from a multitude of organizations would join. When Dnepr went professional it chose to become a public institution in which members paid an annual fee in order to be allowed to take part in the politics of the football club. Members, or shareholders, were able to elect the president of the club, who in turn would dictate club policy.<sup>210</sup>

Zhizdik anticipated an annual income of about 315,000 roubles as well as another 80,000 roubles from the sale of sporting goods. This budget did not include income generated through sponsorship or ticket prices, which as Zhizdik explained, amounted to 600,000 roubles due to the relatively small size of Meteor, Dnepr's football stadium. Altogether Dnepr generated almost 1 million roubles in its first season as a professional team, Zhizdik explained that most of this income was reinvested into the squad. All players, for example, received five-year contracts. The flow of cash in the wild years of perestroika was not always traceable, however, and some of the money could have ended up in Zhizdik's pockets—this would explain why Zhizdik did not include certain posts in the budget.<sup>211</sup> The new status of Eksperimental'nyi vedomstvennyi khozraschetnyi Klub Dnepr also allowed the club more freedom to negotiate advertisement agreements with Soviet and international agencies.<sup>212</sup> As we will see later, the long-term contracts arranged by the club also provided Dnepr with financial stability once the transfer

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<sup>210</sup> *Izvestiia* 28 Sep. 1987, 6.

<sup>211</sup> *Ibid.*

<sup>212</sup> GARF, f. 10029, op. 2, d. 185, ll. 56-57.  
(Sovintersport: Sponsorship contract between Dnepr and Sovintersport)

market was modified and players from the Soviet Union were allowed to move abroad. Dnepr was placed second in the Soviet Vysshiaia Liga when Zhizhdik gave his account of the club's finances in September 1987, a position that they would maintain until the end of the season.<sup>213</sup> This qualified the team for the 1988/89 UEFA Cup, and in 1988 Dnepr finished first in the Soviet Vysshiaia Liga.<sup>214</sup> In 1989 the German investigative news magazine *Der Spiegel* reported on the privatization of Soviet sport, and stated that Dnepr Dnepropetrovsk made a profit of 300,000 roubles in its first five months after going professional.<sup>215</sup> There were no comparable numbers found in the Soviet press, and furthermore no official budget numbers are available. What we do have to remember is that the Soviet authorities favoured professionalization, and that the numbers published might not have been reliable.

Despite Dnepr's announced profits, other clubs, including Ukraine's principal club, Dinamo Kiev, were hesitant to introduce new organizational structures. As discussed in Chapter 1, Dinamo's manager Valerii Lobanovskii was a strong supporter of restructuring Soviet football, and especially of establishing a football union run by the clubs. At the same time, however, he and the management staff at the club were somewhat reluctant to apply for khozraschet status. This was influenced by Dinamo Kiev's dependence on a powerful patron, the leader of the Ukrainian Communist Party, Vladimir Shcherbitskii. Under Shcherbitskii's rule (1972-89), Kiev won the Soviet championship seven times, and twice captured the European Cup Winners' Cup (1975, 1986). Shcherbitskii was strongly connected with what became known

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<sup>213</sup> [http://sovfootball.ru/index.php?option=com\\_content&task=view&id=22&Itemid=38](http://sovfootball.ru/index.php?option=com_content&task=view&id=22&Itemid=38), accessed at 3 January 2012.

<sup>214</sup> *Izvestiia* 21 Nov. 1988, 6.

<sup>215</sup> *Spiegel* 24 Mar. 1989, 194.

as the Dnepropetrovsk Clan. Dnepropetrovsk was the hometown of Brezhnev, and during Brezhnev's time in power, numerous cadres from Dnepropetrovsk were rewarded with leading positions in the state apparatus and the communist party. Shcherbitskii was supposed to become Brezhnev's successor after the latter's death in 1982, but Andropov was able to wrestle the party leadership away from the Ukrainian. Nevertheless Shcherbitskii was able to create a hierarchy of party officials in Ukraine who were personally loyal to him.<sup>216</sup>

At a time when Soviet football players were still officially amateurs, Shcherbitskii succeeded in luring the best players of the Ukrainian Soviet Socialist Republic (UkSSR) to Dinamo by promising them better apartments, new cars, and even fur coats for their wives. Although the club was associated with the Ukrainian Ministry of the Interior, Shcherbitskii was the real power behind the club, and he used his influence to ensure that the club received unlimited resources.<sup>217</sup> Archival material confirms that, regarding the development of the Dinamo Kiev football club, officials of the Ukrainian Sport Committee had to report directly to Shcherbitskii.<sup>218</sup> Members of the Ukrainian Sport Committee of Ukraine believed that Dinamo, and Lobanovskii in particular, were not following the reform program set out by the Ukrainian football federation in the early 1980s. In fact, Shcherbitskii gave Lobanovskii absolute control over the club, and instead of acting as an intermediary, he was a buffer for Lobanovskii, who was consequently able to construct an all-Ukrainian powerhouse in Kiev. In turn Shcherbitskii could bask in the glory, as the club's success brought recognition to his leadership both abroad and at

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<sup>216</sup> Serhii Plokyh, *The Last Empire* (London, 2014), 53-54.

<sup>217</sup> *Segodnia*, 24 Jul. 2009, <http://sport.segodnya.ua/football/vo-vremena-cccr-v-dinamo-vce-ezdili-na-volhakh.html> accessed 18 October 2012.

<sup>218</sup> TsDAGO, f. 1, op. 32, d. 2131, ll. 1-63.  
(Letters from the Sportkomitet to the Party Secretary)

home. It was, therefore, not until January 1989 that Dinamo's president V. Bezverkhii officially applied to have the club's status changed to khozraschet, and Lobanovskii was charged with changing the club's structures.<sup>219</sup> Dinamo started to accept the necessity of changing its club structures only when the leadership under Shcherbitskii was put under political pressure by the Gorbachev administration. Shcherbitskii had clashed with Gorbachev on various aspects of economic and political reform, but this struggle ended when Gorbachev finally became powerful enough to remove him as the head of the Communist Party in Ukraine in the fall of 1989.<sup>220</sup> With the crumbling of Shcherbitskii's power base in Ukraine and the Soviet Union in general, Lobanovskii was forced to act and, together with Bezverkhii, put the club on an independent footing.

Another club that waited to restructure was Spartak Moscow. On March 10, 1989 Spartak did, however, announce that, in conformity with the principles and rules of khozraschet, the club would become a completely open, self-supporting football club run on a membership basis.<sup>221</sup> Of all the sports clubs in the Soviet Union, Spartak was bound to have the easiest transition to a "free-market economy." The club's sponsors Mossovet and Gorkom were in charge of housing distribution in Moscow and, in order to attract star players to Spartak, many apartments in the prime real estate of the city were given to the club. In an interview with Edelman, sports journalist and Spartak fan Arkadii Galinskii stated that Spartak was a very wealthy team: 'if you put together all the apartments they have given [to Spartak] over the years, you could construct

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<sup>219</sup> *Sovetskii Sport* 6 Jan. 1989, 1.

<sup>220</sup> Ploky, *The Last Empire*, 53.

<sup>221</sup> Edelman, *Spartak Moscow*, 289.

an entire region.’<sup>222</sup> Statements like that of course have to be taken with a grain of salt, as fans of clubs have the tendency to overplay the actual strengths of the organization that they support. Furthermore, it is unclear how many of those facilities Spartak was able to keep after fall of the USSR. Even when one takes into account the possibility of exaggeration by Galinskii, however, it is clear that Spartak was already operating as an unofficially self-financed organization before it made the switch to *khozaschet*. Edelman writes that in 1989 the club was running a profit of 960,000 roubles. It cost Spartak 1,200,000 roubles a year to run the team, and another 300,000 roubles to keep up Tarasovka (its training facility). The club generated 700,000 roubles through ticket sales, and 100,000 roubles through renting out club facilities to various organizations. Not included in the list is the income generated through player transfers and foreign tours.<sup>223</sup> With those numbers in mind, Spartak was in a comfortable position to make the transition to *khozaschet* and, as we will see later, would use its strong financial position to dominate Russian football after the fall of the USSR.

*Khozaschet* was not always a financially lucrative option, as the example of Zenit Leningrad highlights. Zenit was one of the first clubs to announce its intention to become a self-financed entity, but it failed to come up with a model that covered the club’s costs. The problem was that, despite having access to one of the Soviet Union’s largest arenas, the Kirov Stadium with 70,000 seats, Zenit simply did not have the necessary attendance numbers to cover the daily operations of the club—the club, for example, only generated 275,000 roubles from its 17 home games in the 1987 season. The club averaged 5000 people per home game and, as a result, found

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<sup>222</sup> *Ibid.* 203.

<sup>223</sup> *Ibid.* 203.

itself in a situation where it could not even afford to pay the rent for the Kirov Stadium. Zenit's management did not believe that other measures such as membership fees could cover the remaining operational costs.<sup>224</sup> The economic troubles of the club forced its management to delay the move to *khozraschet*, and it was not until August 6, 1990, that the Zenit finally cut its ties with LOMO and, like Dnepr, became a public institution in which members could elect a president. Vladislav Gusev, a sports journalist, became the first president. Zenit did, however, maintain connections to the city council of Leningrad (soon to be Sankt Petersburg), which continued to help the club by balancing its budget.<sup>225</sup> Zenit, with no competitor in the city, should have been a role model for *khozraschet*, but the club's inability to secure additional financial support meant that important structural reforms could not be made in time for the club to stay competitive. Zenit was relegated from the Soviet Vysshaya Liga in 1991, and was only temporarily saved from the consequences by the collapse of the Soviet Union. Other less popular clubs were similarly unable to raise the necessary finances to make the *Finec* model work. Self-sustainability in football, as in in other economic spheres of the Soviet Union, was an experiment with many flaws, as important free market mechanisms that existed in football leagues of other European leagues, such as revenues from television, merchandise, and advertisement either did not exist or were not sufficiently developed to cover the costs of operating football clubs independently from the state.

#### After the Fall: Ownership Structures in the 1990s

After 1987 the Soviet Union began to adopt new ownership rules, among them was the 1988 statute on joint-stock societies which made it possible for individuals, and companies, to become

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<sup>224</sup> *Sovetskii Sport* 10 Jan. 1988, 3.

<sup>225</sup> <http://en.fc-zenit.ru/main/history/historyclub/p90/>, accessed at 18 January 2012.

shareholders in Soviet football clubs.<sup>226</sup> After the fall of the Soviet Union, this law was carried over by the Russian Federation and the idea was that the state would transfer its enterprises to a wide stratum of the Russian population. The decree gave managers and workers early access to the shares of the companies where they were employed. The state would, however, maintain a minority stock in all companies. Between 1992 and 1994 over twenty thousand enterprises became joint-stock companies, and state agencies lost control over many clubs that were not associated with ministries or other government organizations.<sup>227</sup> Although they often tinkered with the details, in general the Russian Federation at first upheld many of the regulations that were passed in final years of the Soviet Union, including the statute of the joint-stock societies.<sup>228</sup> In practice this meant that clubs in Russia, for example, operated under Soviet law until the Russian Federation implemented a new Civil Code in 1995.<sup>229</sup> The Soviet law on joint-stock societies was crucial in the privatization process of football clubs in the early 1990s as ministries and military organizations were now able to capitalize on their football assets by turning them into joint-stock societies, and in turn selling them to private investors.

In the end most of the state property was taken over by the managers of the individual factories, farms, or in the case of football, clubs. In many cases the former directors of state enterprises maintained control over operations, and in 1994 only 10 per cent of the directors of enterprises had been replaced as a direct result of the rapid privatization. Furthermore, many

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<sup>226</sup> Lucas, and Maltsev, 'The Development of Corporate Law', 369.

<sup>227</sup> Barnes, *Owning Russia*, 73.

<sup>228</sup> Lucas, and Maltsev, 'The Development of Corporate Law', 369.

<sup>229</sup> *Ibid.* 369.

directors were actually able to increase their power through the privatization process.<sup>230</sup> This explains how a manager like Oleg Romantsev became the effective owner of Spartak Moscow: the club was turned into a closed joint-stock company in the early 1990s, and Romantsev, the person in charge of club finances promptly was listed as the majority shareholder. Romantsev had been appointed as the coach of Spartak in 1989 after a successful spell at Spartak Ordzhonikidze (now Vladikavkaz), and in 1993 he became the manager of Spartak Moscow. Spartak was basically handed to Romantsev for free; as coach and manager he was able to secure the necessary funds to operate the club, which in turn made him the effective owner.<sup>231</sup> Spartak exemplifies the murkiness of ownership transition during the changeover from communism to capitalism, as the new owners often were simply people who were able to provide cash for football clubs. Romantsev's ability to guarantee cash flow at the club, even in the difficult transitional period of the early 1990s, meant that he was also able to purchase the majority of the shares at the club. In Western Europe it is extremely rare for a club to be owned, coached, and managed by the same individual.

Spartak, and therefore Romantsev, had a huge advantage because the club was the most recognizable football brand from the Russian Federation, and because its biggest competitor Dinamo Kiev was now playing in independent Ukraine. The club's continued success in the Russian Vysshaya Liga meant that the club had access to money through the Champions League marketing pool, which was established in 1993. This provided Spartak with a stable income far above what the remaining clubs could generate through domestic league play. Between 1991 and

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<sup>230</sup> Nelson and Kuzes, *Radical Reform in Yeltsin's Russia*, 57.

<sup>231</sup> *The Blizzard* Jan. 2012. (Kindle ebook).



1999 UEFA shared 75 per cent of the European Cup/Champions League marketing pool with clubs according to their performance.<sup>232</sup> Spartak missed only one Champions League season during that period and was therefore consistently making more money than other Russian clubs.<sup>233</sup> The club's dominance did, however, end in the early 2000s. Spartak won its last Russian championship in 2001 and as oligarchs and large corporations such as Gazprom entered the Russian Prem'er Liga other clubs overtook the club, both financially and on the playing field.<sup>234</sup>

But in the 1990s other clubs were not able to flaunt a history of success and tradition as Spartak did, and therefore could not attract sponsorship deals from the west that promised a stable income. A few other clubs were, however, able to mount a challenge. In 1995 Spartak-Alania Vladikavkaz, a small club from the Caucasus won the Russian championship. This feat was only possible because the club received the financial support of the North Ossetian-Alania government under the leadership of President Akhsarbek Galazov.<sup>235</sup> Galazov was in many ways a patron of the old Soviet school, who used his government position to finance the operations of the club. He was in the fortunate position that financial support of a club that bordered a crisis region was a way for Moscow (which was responsible for the allocation of funds to all of its republics) to take attention away from the Chechnia conflict and to secure border regions through sporting success. Vladikavkaz's victory has another peculiarity, however: Spartak-Alania was

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<sup>232</sup> Trudo Dejonghe and Wim Van Opstal, "Competitive Balance between National Leagues in European Football after the Bosman Case", *Rivista Di Diritto ed Economia dello Sport*, VI (2010), 41-58.

<sup>233</sup> <http://www.spartak.com/main/club/82/>, accessed 7 February 2012.

<sup>234</sup> *The Blizzard* Jan. 2012.

<sup>235</sup> *Izvestiia* 25 Oct.1995, 6.

able to finance the squad thanks to a semi-illegal trade in alcohol across the Georgian border.<sup>236</sup> Vladikavkaz was not the only club to benefit from an import-export business. The Russian government under Boris El'tsin had given some sporting organizations within the Russian Federation the right to import alcohol and cigarettes free of tax, as a way to subsidize professional football after the fall of the Soviet Union, and Spartak Moscow was one of many clubs that took advantage of this opportunity.<sup>237</sup>

The example of Vladikavkaz indicates the extent to which football was still reliant on patronage by state institutions in the early 1990s. In fact, the privatization reforms guaranteed that the government of the Russian Federation would maintain a minority stake in many former enterprises of the Soviet Union. Furthermore, 'a combination of factors steadily weakened central control over regional governments in the mid-1990s, giving them almost free rein in dealing with firms on their territory.'<sup>238</sup> Galazov, who ran North Ossetia like a small fiefdom, was able to harness the glory that came with Alania's success and use it to boost his own popularity. For several years Spartak-Alania organized a tournament called the President's Cup in celebration of the President of North Ossetia-Alania. The tournament was able to attract some high profile clubs from Western Europe and South America.<sup>239</sup> Tournaments like the President's Cup are not cheap to organize—the big clubs from the west would not have competed for free in a tournament that required them travel to the border of a war zone. During the 1996 season

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<sup>236</sup> Edelman, *Spartak Moscow*, 335.

<sup>237</sup> *Independent* 17 Jun. 1997, <http://www.independent.co.uk/news/world/moscow-days-greedy-criminals-muscle-in-on-lucrative-world-of-sport-1256416.html>, accessed 13 February 2012.

<sup>238</sup> Barnes, *Owning Russia*, 132.

<sup>239</sup> *Izvestiia* 29 Dec. 1995. 6.

Alania remained the top opponent of Spartak. The clubs finished even on points, and therefore a play-off match had to be arranged. Spartak defeated Alania 2-1 at the Petrovskii Stadium in Sankt Petersburg and won the Russian championship.<sup>240</sup> The following two seasons the club finished in the middle of the table, and after 1998 Galazov was no longer President of North Ossetia-Alania. Alania's decline continued after 1998 and finally in 2005 the club had to declare bankruptcy.

Privatization also affected football clubs that had not previously opted to become self-sufficient in the late 1980s. Torpedo Moscow, for example, had forgone the self-accountability process in the last years of the Soviet Union, and was still affiliated with the car manufacturer ZiL, which became a private enterprise under El'tsin. By 1996 the plant was experiencing economic difficulties, and was no longer able to support the football club. ZiL, Russia's largest car company, had owned Torpedo for almost 60 years, and Torpedo was one of the most storied clubs from the former Soviet Union. At this point the club, which had been so firmly associated with the automobile industry, became part of a private entertainment company called the Luzhniki Group, which ran and operated the Luzhniki Stadium. The Luzhniki Group wanted to have a team that was associated with the stadium, and since it seemed impossible to buy Spartak—Romantsev was unwilling to sell the club—Torpedo seemed to be a logical choice. In addition, a former Torpedo player, Vladimir Aleshin, ran the Luzhniki Complex entertainment company.<sup>241</sup> Aleshin also had financial backing from Pavel Borodin, who at the time was the head of the Russia-Belarus Council (and had previously been the Kremlin chief of staff), and the

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<sup>240</sup> *Izvestiia* 19 Nov. 1996. 6.

<sup>241</sup> *Izvestiia* 23 Jan. 1996, 6.

city government in the form of then Moscow mayor Iuri Luzhkov.<sup>242</sup> Torpedo subsequently became wedged into what would turn out to be a political struggle between private investors and the Moscow city government.

The transfer of Torpedo from ZiL to the joint-stock Luzhniki Group was finalized on February 27, 1996. The club was then saved from bankruptcy and moved from its home ground the Eduard Strel'tsov Stadium to the Luzhniki Stadium for the 1997 season.<sup>243</sup> ZiL was freed from bankruptcy at the end of 1996 when the Moscow city government under mayor Luzhkov took over the car company by purchasing a majority stake.<sup>244</sup> The firm thereby gave up its independence and returned to state ownership. The company was thereafter able to create a new team that performed as Torpedo-ZiL (and later as Torpedo-Metalurg) in the lower levels. Torpedo Moscow's transfer from the Eduard Strel'tsov Stadium to the Luzhniki Stadium was one of the more questionable business adventures of post-Soviet era football. In 2007 I attended a Spartak game at the Luzhniki Stadium and even with 30,000 fans in the stands, the atmosphere at the stadium was rather ghostly, and Torpedo's attendance rarely rose above 5000.<sup>245</sup> While low attendance makes for a poor atmosphere at a gigantic stadium like the Luzhniki, one also has to consider the cost of simply opening the gates for a match in such a gigantic facility. Torpedo

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<sup>242</sup> *Guardian* 23 Dec. 2008, <http://www.theguardian.com/football/blog/2008/dec/23/torpedo-moscow-jonathan-wilson> accessed 15 October 2014.

<sup>243</sup> *Izvestiia* 29 Feb. 1996, 6.

<sup>244</sup> David E. Hoffman, *The Oligarchs*, 260-261.

<sup>245</sup> *Guardian* 23 Dec. 2008.

therefore not only drowned in the gigantic bowl of the Luzhniki, but was also raking up a huge financial loss for the Luzhniki Group.

The reasons why fans did not flock to the Luzhniki are manifold. ZiL was an important anchor for the identity of the football club; the club was a factory team and many fans associated themselves not only with the football club, but also with ZiL. The Strel'tsov Stadium, which was located near the car factory, was also a significant part of Torpedo's identity, and so when ZiL chose to register a team from the lower leagues in order to fill the vacant stadium, many Torpedo fans decided to support the new team instead of the old Torpedo team that had moved across town. In 2003 the new Torpedo-ZiL reached the Russian Prem'er Liga, but ZiL again was forced to sell the club, which then became part of MMC Norilsk Nickel and eventually became known as FC Moskva.<sup>246</sup> Meanwhile the Torpedo Moscow team under the ownership of the Luzhniki Group struggled, suffering relegation in 2006, and again to the third division in 2008. In 2009 the club returned to the umbrella of ZiL, and the team returned to its historic home ground, the Strel'tsov Stadium, when the carmaker bought back the shares of the football club from Luzhniki.<sup>247</sup> After years in the lower divisions, Torpedo Moscow managed to be promoted to the Russian Prem'er Liga in 2014 where the club stayed for one season before being relegated, and declared bankrupt once again.

Ministry teams remained attached to their respective sports societies, and consequently the Ministry of the Interior (MVD) and the KGB (later FSB), as well as the armed forces.

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<sup>246</sup> *Sport Ekspress* 2 Mar. 2004, [http://www.sport-express.ru/newspaper/2004-03-02/4\\_4/](http://www.sport-express.ru/newspaper/2004-03-02/4_4/), accessed 17 February 2012.

<sup>247</sup> <http://www.torpedo.ru/news.phtml?id=1075>, accessed 17 February 2012.

Institutions like the KGB or the armed forces essentially survived the breakup of the Soviet Union intact, and ‘the KGB was, according to many accounts, the source of extensive funds for legal and illegal business activity in the post-Soviet environment’.<sup>248</sup> Despite the fact that Dinamo Moscow was not able to win a title after the fall of the Soviet Union, it remained a competitor in the Russian Vysshaya Liga and in the 1990s consistently finished in the top 5. TsSKA was the last champion of the Soviet Union, and was therefore allowed to participate in the 1992-93 inaugural Champions League. The club managed to qualify for the group phase by knocking out the defending champion FC Barcelona. The club was not, however, allowed to compete in Moscow because no stadium in Russia was judged to be playable during the severe winter of that year.<sup>249</sup> As a result, TsSKA chose to play all its home games in Germany.<sup>250</sup> Whereas for most clubs Champions League participation meant a great deal of money, TsSKA was not able to gain financially from the campaign.

Then, in the second half of the 1990s, TsSKA’s ownership structure became part of a dispute that showcases how violent the struggle over property could be in Russia after the fall of communism. The trouble at the Red Army team began in 1996 when an argument over ownership of the club broke out between the Manager/President of the TsSKA football club Aleksandr Tarkhanov and the TsSKA sports society. After a series of poor results the Army appointed Pavel Sadyrin as the new coach. Tarkhanov responded by claiming that he was the

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<sup>248</sup> Solnick, *Stealing the State*, 233.

<sup>249</sup> *Krasnaia Zvezda* 6 Nov. 1992. <http://dlib.eastview.com/browse/doc/3356146> accessed 17 October 2014.

<sup>250</sup> The group phase of the Champions League unlike today took place from November to April, and consisted of only two groups with four teams in each group. The first placed teams of the two groups played out the final.

main shareholder at the club, and that the club was an organization independent of the sports society of the army. It turned out, however, that Tarkhanov was not the majority shareholder after all, and only owned a minority stake in the club, which he then decided to sell to Shakhruddin Dadakhanov, a Chechen businessman. Tarkhanov was subsequently hired by Torpedo Moscow as coach.<sup>251</sup> With Tarkhanov admitting that the military was still effectively the majority owner, the Russian armed forces were able to turn the club into a professional football club (PFC), and officially changed its operational structure to that of a joint-stock company in 1997.<sup>252</sup> The ministry then sold 49 per cent of the overall shares to a Chechen consortium that was headed by the above-mentioned Dadakhanov. Dadakhanov hired Chernomorets Odessa coach Oleg Dolmatov, who would play a major role in the continuing TsSKA saga. At this time it appeared that there were other investors who were willing to pay even more money for TsSKA than Dadakhanov had. The military responded by starting a campaign to regain control over the club once again in order to sell it to the next investor and increase its revenue.

What happened next at TsSKA is a great example of the struggle over property rights in the Russian Federation in the 1990s. In 2014 a documentary broadcast and produced by the German-French television station Arte called *Enteignung auf Russisch* showed how in Russia takeovers often involved extortion by the party that wanted to take over a business. This documentary showed some significant insight into the more bizarre business practices that have taken place in Russia since the fall of the Soviet Union. Furthermore, it shows that the state was often involved in these takeovers if the company in question was targeted for re-nationalization

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<sup>251</sup> Jonathan Wilson, *Behind the Curtain*, 296.

<sup>252</sup> Jim Riordan, "More Serious than Life and Death", in Hallgeir Gammelsæter, and Benoît Senaux eds., *The Organisation and Governance of Top Football Across Europe*, (Oxon and New York, 2011), 230.

in order that the state profit from a resale.<sup>253</sup> The campaign on the part of the Ministry of Defence to regain control of TsSKA fits the pattern. First, the Defence Ministry accused the Chechen shareholders of using the club as a way to smuggle arms and money to rebels in Chechnia. Later, physical pressure was also applied—Dolmatov’s wife, for example, vanished without a trace. Then in 2001 Dadakhanov’s nephew Aslanbek was arrested after the Moscow police claimed that they had found in his apartment \$25,000 in counterfeit money along with videos of Russian soldiers being killed by Chechens. Dadakhanov protested foul play but eventually surrendered his shares, which allowed the club’s return to the Ministry of Defence.<sup>254</sup> The struggle over TsSKA was a perfect example of what Barnes calls the phase-to-phase struggle over property. As Barnes writes:

‘Recognizing the range of key players chasing property in post-Soviet Russia, as well as the environment in which they operate, sheds light on how this or that player can appear dominant in one period but nonetheless be unseated in future rounds of redistributions.’<sup>255</sup>

The takeover of TsSKA Moscow underlines this, and shows that the privatization process in the 1990s constituted a struggle over ownership not only between different interest groups from the private sector but also between the state apparatus and these groups.

#### A Step Ahead of Russia: Football Oligarchy in Ukraine’s Wild 1990s

Perhaps the most significant difference between the developments of Ukrainian football compared to that of the Russian Federation is the immediate influence of rich businessmen on the game. Aleksandr Tkach, at the time of writing, the chief editor of the Russian language sport

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<sup>253</sup> *Enteignung auf Russisch*, ARTE 18 Feb. 2014.

<sup>254</sup> Jonathan Wilson, *Behind the Curtain*, 296.

<sup>255</sup> Barnes, *Owning Russia*, 230.



portal tribuna.com, a homepage that is dedicated to sport in Ukraine but also heavily focused on the connection of sport and politics in Ukraine following the Maidan Revolution, said to me in an interview: ‘In Ukraine the state never achieved a powerful role like it did in Russia. From the very start [since Ukraine’s independence] clubs have been locked in this economic model where oligarchs are powerful in the state, and also in football.’<sup>256</sup> The transfer of power in Ukrainian football was very much the same as it was in other industries: with the removal of central power, businessmen were able to simply step into to the gap.

When Dinamo proceeded to become an independent club in 1989, it set up joint venture companies in which Dinamo provided a portion of the capital and a Western firm supplied the remaining funds. The profits from these agreements were tax-free because Dinamo, as an official sports club, was exempt from taxation in the Soviet Union. In the period between 1989 and 1991, new commercial laws meant that the club became a means for foreign companies to invest capital into Soviet Ukraine. In 1987 government decree 49 had been introduced, which allowed the creation of joint enterprises between Soviet organizations and organizations from capitalist countries. Initially foreign capital was limited to a maximum of 49 per cent, but in October 1990 foreign companies were permitted to hold 100 per cent of the investment. Even after October 1990, however, any joint venture, even one in which all the capital came from the west, had to be founded by a Soviet organization or person.<sup>257</sup> In this way, Dinamo became a front for foreign companies that wanted to invest capital in the Soviet Union, and its main joint venture, Dinamo Athletic, made a profit of up to \$1.5 to \$2.5 million a month. According to the sport’s journalist

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<sup>256</sup> Interview with Aleksandr Tkach via Skype. 30 November 2014.

<sup>257</sup> Lucas, and Maltsev, ‘The Development of Corporate Law’, 371-372.

Simon Kuper, this was only possible because the club's new president Bezverkhii invited local mafia clans and communist party cadres to take part in the deals. In return for their participation in various Dinamo business ventures, Bezverkhii handed out favours to minor party politicians and mafia bosses (terms that seemed to be loosely interchangeable in the dying days of the Soviet Union). These bribes were often as minor as being included on the guest list of Dinamo games abroad. Major bribes would include money or high-ranking government positions. The club was also able to generate income through the sale of high calibre football players.<sup>258</sup> In short, Dinamo began an export-import business; it had licenses to deal in everything from gold and platinum to parts of nuclear missiles. The British journalist Jonathan Wilson also believed that many of these activities took place in a legal grey zone, and that the financial success of Dinamo could not have been obtained without the blessing of organized crime.<sup>259</sup> With the fall of communism, however, foreign companies no longer needed to go through middlemen in order to set up business ventures in Ukraine, and the club's business model came under pressure. Bezverkhii never actually purchased the club, but was able to take control of Dinamo after Goskomsport appointed him to oversee the privatization of the club in the late 1980s. As the chairman, he was responsible for the financial well-being of the club and, as he was able to pay the bills, he became the de facto owner. When the Soviet Union collapsed these de facto owners would then formally take over their clubs in the privatization process that followed. As Tkach explained to me: '[During the collapse of the Soviet Union] where the legal system was

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<sup>258</sup> Kuper, *Soccer against the Enemy*, 67-70.

<sup>259</sup> Jonathan Wilson, *Behind the Curtain*, 19.

questioned, the people who were de-facto owners of the club in Ukraine soon became real owners simply by chance.<sup>260</sup>

But this also meant that the people who took control of clubs could be challenged easily, as there was no real legal system yet in place to protect these new acquisitions. This becomes evident when tracing Hryhorii Surkis's rise to dominance at Dinamo. Surkis, an engineer by profession, was able to accumulate most of his financial capital in the late 1980s when he was the head of various councils in the Kiev city administration. From there he was able to join Dinamo-Atlantic, and through the connections that he developed in mid-level politics and in his business dealings with Dinamo in the late Soviet era, Surkis was able to build a small business empire. He gained control of Dinamo Kiev in 1993, when he learned that Bezverkhii's business concerns had run out of money and that the club was on the verge of bankruptcy. Surkis disposed of Bezverkhii and turned Dinamo Kiev into a closed joint-stock company. The new board included the heads of the republic's Ministry of Interior, the Ministry of Security, the border guard service, and the General Prosecutor's Office. Surkis was able to use his business contacts from his time at Dinamo-Atlantic as well as the Kiev city council, and took control of the club from within.<sup>261</sup> The way Surkis acquired Dinamo, and other business ventures later on, is a perfect example of what Ukrainians and Russians call *prikhvatizatsiia*, which loosely translates as grab-ization and is a word play on privatization.<sup>262</sup> It was through his insider knowledge that Surkis knew of the financial difficulties at Dinamo and was able to gain control over the club.

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<sup>260</sup> Tkach

<sup>261</sup> <http://footclub.com.ua/news/Ukraina/Premier-liga/48034938/Retro-Kak-Dinamo-spasli-ot-sumy-da-ot-turmy> accessed 1 December 2014.

<sup>262</sup> Serhiy Kudelia, and Taraz Kuzio, 'Nothing personal: explaining the rise and decline of political machines in Ukraine', *Post-Soviet Affairs*, (2014), 7.

Dinamo then became the new centre of the Surkis Empire. In 1993, Surkis set up the Slavutych conglomerate, which took control of all of Dinamo's former business operations, and expanded them even further. The conglomerate controlled the Ukrainian Credit Bank, Dinamo-Atlantic, BIM International Law Firm, the "Alternative" TV company, and in addition had links to energy firms like ITERA-Ukraine and Energy-plus. At one point Slavutych delivered 10-15 per cent of all commercial oil to the Ukraine.<sup>263</sup> In the late 1990s Surkis spent between \$60 and \$70 million a year on the Dinamo Football Club in addition to what the club was generating in the Champions League and through player transfers—these funds combined made Dinamo one of the richest clubs in Europe at the time.<sup>264</sup>

The Surkis brothers also managed to maintain strong connections with the political elite of Ukraine. This was especially highlighted after Dinamo became involved in a match-fixing scheme before playing a Champions League match on September 13, 1995. The club was disqualified from the competition after the Spanish referee Lopez Nieto claimed that officials from Dinamo had offered him \$30,000 and two fur coats prior to the match against Panathinaikos Athens. Nieto went ahead with the game because he feared how 100,000 fans in the stadium would react if the game were cancelled. As punishment, Dinamo Kiev was banned from participating in the 1995-96 Champions League as well as the following three seasons, and Ihor Surkis, Hryhorii's brother and acting president of Dinamo Kiev at the time, for his involvement, received from UEFA a lifetime ban from any role in football.<sup>265</sup> After personal

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<sup>263</sup> Andrew Wilson, *The Ukrainians*, 266-267.

<sup>264</sup> *Ibid.* 266-267.

<sup>265</sup> *Izvestiia* 22 September 1995. 12.

appeals by the Ukrainian President Leonid Kuchma, and careful negotiations with UEFA, Dinamo's ban from UEFA competitions was lifted in April 1996. Former Ukrainian president, Leonid Kravchuk, held over 20 meetings with UEFA in an effort to get the ban lifted.<sup>266</sup> Ihor Surkis' lifetime ban was also lifted, because the Spanish referee Nieto refused to travel to the UEFA hearing, and could therefore not speak against Surkis.<sup>267</sup>

UEFA, although they still considered Dinamo guilty of match fixing, simply reversed their decision to uphold the three-year ban on the club. It is somewhat doubtful that the allegations against Surkis were dropped simply because the referee did not want to face Surkis in front of the UEFA committee. The entire affair left many questions, and it seemed that Dinamo was saved from UEFA sanctions because of the lobbying efforts of former Ukrainian president Leonid Kravchuk. Dinamo rewarded Kravchuk with shares in the club and with a position on the board.<sup>268</sup> In 2013 Kravchuk was still one of the shareholders of the Dinamo joint-stock company, with the club owned 97 per cent by Surkis, one per cent by Lobanovskii's daughter Svetlana, and one per cent by Dinamo itself.<sup>269</sup> To this day it remains unclear what Kravchuk had offered to UEFA; it is doubtful that the European football association let Dinamo off the hook on goodwill alone. When confronted with this question Tkach said: 'This is still one of the big mysteries of Ukrainian football. Some sort of deal must have been made, but no one knows the details.'<sup>270</sup>

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<sup>266</sup> <http://www.ukrweekly.com/old/archive/1996/179606.shtml> accessed 28 November 2014.

<sup>267</sup> *Izvestiia* 23 April 1996. <http://dlib.eastview.com/browse/doc/3191707> accessed 17 October 2014.

<sup>268</sup> <http://news.bbc.co.uk/1/hi/world/europe/4352469.stm> accessed 28 November 2014.

<sup>269</sup> *Forbes* July 2013 <http://forbes.ua/magazine/forbes/1354598-pochemu-proigryvaet-kievskoe-dinamo> accessed 1 December 2014.

<sup>270</sup> Tkach

Following the acquittal of the club, another change was the return of Lobanovskii in 1996. With seemingly unlimited funds available, as well as the backing of the Ukrainian government, Lobanovskii was able to build one of the best teams in Ukrainian history. In 1999 Dinamo narrowly missed the final of the Champions League when the club lost to Bayern Munich in the semi-final. In the 1990s Dinamo Kiev had a monopoly on the Ukrainian Premier League title, although this changed with the emergence of Shakhtar Donetsk, which after the fall of the Soviet Union came under the control of local business magnates.

Shakhtar Donetsk's establishment as a top club in Ukraine is strongly connected with the turbulent late 1980s and 1990s in the Donbass. In the late 1980s various local mafia groups pushed into the market by exploiting Gorbachev's reforms and challenging the Soviet directors of large factories in the Donbass region. The most notorious mafia leader was Akhmat Bragin (also referred to as Aleksandr Bragin), or "Alik the Greek," who started his business operations by taking over the Oktiabrsk market in Donetsk in 1988. Using Oktiabrsk as a foundation, he built up the trading company Liuks, which specialized in the distribution of luxury items. From there Bragin moved into the banking sector where he took over Dongorbank (Donetsk City Bank), and then in 1995 he bought his favourite team Shakhtar Donetsk. Shakhtar, like Dinamo, became a mini-empire and at one point even owned a hotel and a newspaper. It was soon alleged that Shakhtar was being used as a conduit for money laundering, allegations that were strongly denied by club officials.<sup>271</sup>

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<sup>271</sup> Andrew Wilson, *Ukraine's Orange Revolution*, 9-10.

On October 15, 1995 Akhmat Bragin, who by then was the president of Shakhtar Donetsk, was assassinated during a football game against Tavriia Simferopol, when a bomb detonated in Bragin's VIP box. *Izvestiia* reported that Bragin was murdered because of conflicts between various mafia groups in the Donbass.<sup>272</sup> After the assassination of Bragin, Rinat Akhmetov, who was his business associate, was able to take control of his empire. Akhmetov was able to built on the empire by taking control of several coal and steel mines in the Donbass Region, and in 2000 he founded the System Capital Management Corporation (SCM), which controls several banks, insurance companies, hotels, agrarian complexes, telecommunication companies, power plants, and TV stations, as well as most of the heavy industry of the Donbass region.<sup>273</sup> Akhmetov was born in Donetsk on September 21, 1966. His father was a Tatar coalminer and his mother a shop owner. He acquired most of his capital in the late 1980s and early 1990s, and according to the Forbes Magazine he made his first million by selling coal and coke (fuel).<sup>274</sup> There have been repeated allegations of Akhmetov's involvement in organized crime especially during the period between 1985 and 1995, claims that Akhmetov has denied and successfully challenged in court.<sup>275</sup> In the late 1990s Shakhtar consistently finished second behind Dinamo Kiev, but every year the club came closer to overtaking its main rival, and in 2001 the club won its first Ukrainian championship.

Ukrainian clubs were the first in the former Soviet Union to become independent from the state; they were also the first to be taken over by private business people. This can only be

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<sup>272</sup> *Izvestiia* 18 Oct. 1995, 6.

<sup>273</sup> Rothacher, *Stalins langer Schatten*, 182.

<sup>274</sup> <http://www.forbes.com/profile/rinat-akhmetov/> accessed 11 February 2012.

<sup>275</sup> *Kyiv Post* 11 Feb. 2011 <http://www.kyivpost.com/news/nation/detail/96887/>, accessed 11 February 2012.

explained by the political structures of post-Soviet Ukraine under the Leonid Kravchuk (1991-94) and Leonid Kuchma (1994-2005) administrations. As in the case of Shakhtar Donetsk, the general lawlessness in the Ukrainian business world was an important factor. The biggest difference between Dinamo Kiev and Dinamo of Moscow, however, was the disappearance of the central authority. With the independence of the Ukraine, all sports clubs broke their link to the central command based in Moscow. The headquarters of the Dinamo sports society, for example, was in Moscow, and with Ukrainian independence, all of Dinamo Kiev's links with the centralized sports society disappeared, which made Dinamo a vulnerable target for businessman like Bezverkhii and later Surkis.

#### Football in Georgia: From State Support to State Gangsterism

Dinamo Tbilisi was forced out of the Soviet Vysshiaia Liga for the 1990 season because of the decision by the Georgian Football Association to support the Republic of Georgia's claim of independence from the Soviet Union.<sup>276</sup> Dinamo was one of the founding members of the Soviet Vysshiaia Liga, and had won two Soviet titles (1964, 1978) as well as two Soviet Cups (1976, 1979), and in 1981 the team also won the European Cup Winners' Cup. When the decision for Georgian independence was made, David Kipiani, the manager of Dinamo Tbilisi, admitted that he was unhappy with the Georgian officials' decision to leave the Soviet Vysshiaia Liga, and predicted that Dinamo Tbilisi would eventually lose its best players to better leagues.<sup>277</sup> That is precisely what happened, for the club turned into a feeder team for the clubs of the larger leagues in Russia, Ukraine, and the rest of Europe. Dinamo became a symbol for the political struggle that ensued over the control of Georgia when the state moved from state communism to state

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<sup>276</sup> *Pravda* 1 Mar. 1990, 6.

<sup>277</sup> *Ibid.*



gangsterism, and then returned to relative political stability after the Rose Revolution of 2003.<sup>278</sup> Georgia, unlike Ukraine, maintained a course in which football remained largely dependent on the patronage of various state sectors.

Mamuka Kvaratskhelia, who has an official post with both Dinamo and UEFA, and who has worked as a journalist in the past, explained that during Soviet era, the Georgian police owned Dinamo Tbilisi. The police were originally opposed to Dinamo Tbilisi playing in an independent Georgian football competition, but eventually obeyed the majority decision of the Georgian Football Federation. Although the police remained the owner on paper, they had already lost operational control of the club in 1988 when Dinamo became a self-financed institution. In 1990 the Georgian Football Federation declared its independence, but the centre (in other words Moscow) continued to subsidize clubs all over Georgia—the money was used to finance foreign players until 1991. Meanwhile, Dinamo Tbilisi (from 1990 to 1992 the club competed as Iberia Tbilisi) operated as an independent club until 1992, while still receiving government funds, in what can only be described as the best of both worlds.<sup>279</sup>

Dinamo's ownership structure then changed in 1992, when its former player Merab Jordania was able to purchase the club with the help of a group of investors. Jordania built one of the most exciting young teams in the history of Georgian football.<sup>280</sup> But as mentioned, Jordania was just one of many investors in the club, and by the mid-1990s a large number of Dinamo

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<sup>278</sup> Allison, 'Sport Among the Soviet Ruins: The Republic of Georgia', 177.

<sup>279</sup> Kvaratskhelia

<sup>280</sup> Kvaratskhelia

Tbilisi's board members were also members of the so-called Mkhedrioni (cavaliers). Mkhedrioni was a patriotic organization with a mafia-like structure that supported Eduard Shevardnadze's government. A member of the Mkhedrioni, Djaba Ioseliani, was also the deputy leader of Georgia in the period between 1992 and 1995 (when the Mkhedrioni were outlawed).<sup>281</sup> During that period Dinamo experienced its last golden age by producing a club full of young talented Georgian players. A consequence of the club's failure to qualify for the Champions League and the political pressure applied to Jordania and the Mkhedrioni, was that the club ran into financial difficulties, and was forced to sell many of its best players.<sup>282</sup>

By the late 1990s Dinamo was in financially unstable waters and the state had to intervene to save the club. According to Kvaratskhelia, the Ministry of Internal Affairs under Kakha Targamadze gained control of all operations of the club in 2000. According to the Caucasus historian Thomas de Waal Georgia's president Shevardnadze had to make several 'Faustian power-sharing deals with businessmen and local governs.'<sup>283</sup> Shevardnadze also gave extensive power to the Ministry of Internal Affairs, which de Waal describes as a 'semicriminalized monster.'<sup>284</sup> It was in this period that Dinamo was part of the ministry, and the club would not be privatized again until Targamadze was forced to resign his ministerial position in 2001, after an internal power struggle and street protest.<sup>285</sup>

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<sup>281</sup> Allison, 'Sport Among the Soviet Ruins', 171

<sup>282</sup> Kvaratskhelia

<sup>283</sup> Thomas de Waal, *The Caucasus*, 189.

<sup>284</sup> *Ibid.* 189.

<sup>285</sup> <http://www.civil.ge/eng/article.php?id=21158> accessed 6. October 2014.

Dinamo once again, a victim of Georgia's political instability, and was sold to a private investor, this time to the oligarch Arkady "Badri" Patarkatsishvili. Patarkatsishvili had made most of his money with Boris Berezovskii by building a media empire in Russia, and returned to Georgia after he and Berezovskii fell out of favour with Vladimir Putin. In 2004 Patarkatsishvili provided financial support for the "Rose Revolution" in Georgia, and later his television company Imedi ran a positive image campaign in support of Mikhail Saakashvili's bid for the presidency. In 2006, however, the honeymoon was over; Patarkatsishvili and other oligarchs fell out of favour with the Georgian government, and Patarkatsishvili left the country for the United Kingdom. The media group Imedi, in turn, began to run an image campaign against president Saakashvili, which helped to produce mass protests in Tbilisi against the formerly successful members of the Rose Revolution. Badri then decided to run for President in the May 2008 Georgian election against Saakashvili, but was found dead in his United Kingdom home in February 2008.<sup>286</sup> During this period of chaos it was no surprise that Dinamo Tbilisi did not do well internationally, even though it dominated the Umaglesi League. Most club competitions in the country were also affected by political insecurity, as various families fought over political and economic control. Dinamo Tbilisi has won 13 Georgian titles since Georgia's independence from the Soviet Union, but like the Ukrainian Premier League, the Georgian First League started at the bottom of the UEFA 5 co-efficient ranking. Dinamo was, therefore, not guaranteed income from Europe's top competition, the Champions League. As Dinamo was the only team that could compete at the international level, the Georgian First League was not able to collect enough points to guarantee a place in European football and with it the income to keep its best talents. With the local Georgian economy a shambles, there were not many sources of income for a club like Dinamo, and therefore the best players began to leave to play in top leagues in Western

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<sup>286</sup> Rothacher, *Stalins langer Schatten*, 221-222.

Europe, Russia and the Ukraine. When Patarkastsisvhili promised to invest heavily into the club, the management was more than willing to let him take control.

After Patarkastsisvhili sold the club, the Georgian businessman Roman Pipia bought the team in 2011, and since then Dinamo has seen a period of relative stability and success. Once he took over, Pipia pumped money into Dinamo's infrastructure: the club's youth complex was rebuilt, the aging Dinamo Stadium in Tbilisi was renovated, and the club was provided with a budget of between \$4 and \$5 million a year, which made Dinamo by far the richest team in the country. Mid-table clubs in Georgia operated with budgets between \$500,000 and \$1 million a year, and many teams had to survive on even less.<sup>287</sup> Despite Pipia's investment and the club's movement toward stability, it seemed impossible for Dinamo to recover the glory that the club once held as a member of the Soviet Vysshaya Liga, especially as Dinamo was now essentially competing against a collective of small clubs which had barely enough funds to provide players with basic needs such as jerseys and footballs for training and games.

One of those small clubs was the South Ossetian club Spartaki Tskhinvali, which operated out of Tbilisi due to the international conflict between Georgia and Russia over South Ossetia and Abkhazia in August 2008. In the spring of 2014 I was able to interview Akhsar Sanakoev, who was the transfer manager at Spartaki Tskhinvali and was also deeply involved in the operation of the club. Sanakoev is also the son of the former Prime Minister of South Ossetia Dimitri Sanakoev, who has acted as the Head of the Provisional Administrative Entity of South

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<sup>287</sup> Kvaratskhelia

Ossetia since 2007, which made him the head of South Ossetia's government in exile at the time. Dimitri Sanakoev has also repeatedly acted as the president of Spartaki. In the interview Sanakoev explained the strong state involvement in the day-to-day running of Georgian football.

The club was created in 2007, but previous versions of Spartaki Tskhinvali had already competed in Soviet times, and had been operated by the administration of the Republic of South Ossetia in Georgia. Sanakoev explained that in order to finance the team, the exile government of South Ossetia had received between \$500,000 and \$600,000 per year from the Georgian Ministry of Finance since 2008. Tskhinvali is one of numerous examples of how the Georgian government distributed money to the football clubs of the first and second division in the late 2000s.<sup>288</sup> Although there may have been special motivations in this case because the club represented South Ossetia, Sanakoev pointed out that Spartaki was not a special case and that most clubs are heavily dependent on government subsidies or are even directly owned by certain ministries. Dila Gori, for example, was, for a long time, owned and operated by the Ministry of Interior before the club was passed on to the city administration in the late 2000s. A second example is Guria Lanchkhuti, which has been owned and operated by the regional government of Guria as well as by the Lanchkhuti city government.<sup>289</sup> In a third example the Georgian energy company Wissol purchased Torpedo Kutaisi in 2010, and Wissol provided the club with an annual fund of GEL 2 million (about \$1 million).<sup>290</sup> But in 2013 Wissol pulled out of the club, as the club was not profitable and Georgian football did not provide a good enough brand name for

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<sup>288</sup> Interview with Akhsar Sanakoev at the Georgian Football Federation. 27 April 2014.

<sup>289</sup> Kvaratskhelia

<sup>290</sup> <http://www.fctorpedo.ge/index.php?eng&cat=44&mode=1> accessed 7 October 2014.

the organization, and the city administration of Kutaisi had to step in to secure the club's budget.<sup>291</sup>

Regional and city administrations were the main source of funding for football clubs until 2014. In 2014 the Georgian federal government stepped in and introduced a scheme in which the government provided €700,000 for every club in the first division for three years, including privately owned clubs like Dinamo. This was a scheme that was supposed to level the playing field and secure the financial future of the nation's football in general. Out of the 12 clubs that participated in the Umaglesi Liga in 2013-14 only WIT-Georgia, Zestafoni, and Dinamo did not depend on government support.<sup>292</sup> Football in Georgia had become dependent on state subsidization; many clubs faced bankruptcy and were often not able to pay bills for their infrastructure or their players. Apart from Dinamo Tbilisi, Georgian football has never really moved away from the old structures of Soviet football. Any kind of privatization process in Georgian football was short-lived, and foreign investors were simply not interested in financing football, as the Umaglesi Liga did not provide an adequate stage for politically motivated investments. The story of its football clubs reflects the Georgian economy in general, which has struggled to regain the prosperity that the republic once had in the time of the Soviet Union. It is also representative of the difficult transition from communism to capitalism in many of the smaller post-Soviet republics.

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<sup>291</sup> Sanakoev

<sup>292</sup> Sanakoev

### The Oligarchs, Gazprom and the State: Shakhtar, Zenit, and TsSKA, the New Order in post-Soviet Football

In the late 1990s and early 2000s, similar to the situation in Ukraine, many football clubs in Russia came under the control of business magnates. There was, however, another development from the late 1990s onwards—a trend that is best described as the re-institutionalization of football. This trend saw the passage of football teams that formerly were private entities to positions under the umbrella of large Russian state corporations. In August 1998, the Russian economy crashed, and this led to a shift away from the banking industry toward resource-based industry. Resource-based companies and their owners began to invest heavily in football after the turn of the millennium. So-called oligarchs began to buy football clubs not only in Russia, but also in the west, especially in Great Britain. The state also became more active in the football sphere once again, as companies that were nationalized under Vladimir Putin began to sponsor or own football teams. In other cases, national companies, such as the Russian Railways, discovered the commercial value of football clubs and began to make sizeable investments in the football operations of their clubs. Other nationalized companies like Gazprom began to invest in football.

In the early 2000s it seemed that Spartak would remain the dominant club in Russian football, as the club won both the 2000 and the 2001 championships. The first signs that the club could be headed for trouble appeared in the late 1990s, with Romantsev and the ailing Nikolai Starostin in head to head conflict over the management of the club. Then in 1997 the co-owner and director of finance, Larisa Nechaeva, was shot dead whilst driving from the Tarasovka training ground to her home. Nechaeva was a young and ambitious businesswoman who had been brought in amidst promises to generate more money for the club by recruiting high-profile

sponsors. Nechaeva's murder was never solved and according to the British paper *Independent* it was part of a struggle within mafia clans in the Russian Federation over the smuggling of cigarettes and alcohol.<sup>293</sup> Various mafia groups had tried to influence club politics in order to gain government licences for the import and export of cigarettes and alcohol, which had been introduced as a supplementary scheme for Russian football. The Nechaeva murder was probably part of a strategy to pressure Spartak to cooperate with local mafia groups in this lucrative business. The case of Spartak demonstrates that by the end of the 1990s it became more and more difficult for people without the backing of big money to run Russian clubs independently.

Then in 2001 Andrei Chervichenko approached Romantsev with the objective of buying shares of the closed joint-stock company. Chervichenko was a member of the board at Krasbank and had connections to LUKoil, where he had been a member of the board prior to his job at Krasbank. Chervichenko, through his banking connections, knew that Spartak was in financial trouble and offered Romantsev a deal, in which LUKoil would become the kit sponsor of the club. Part of the deal was that Chervichenko would become vice-President of Spartak and would oversee the financial dealings of the club. Spartak soon became dependent on LUKoil's money, and in 2002 Romantsev sold his majority share to Chervichenko, who then became president of the club. In 2003 Chervichenko and Romantsev were involved in a battle over control of the club, and due to Spartak's mediocre 13<sup>th</sup> position, the board members were not willing to give any more money to the club if Romantsev stayed on as the coach. In June 2003 Chervichenko announced that Romantsev needed a rest and would leave the club.<sup>294</sup>

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<sup>293</sup> *Independent*. 17 June 1997.

<sup>294</sup> *Rossiiskaia Gazeta* 20. Jun. 2003. [http://www.rg.ru/Anons/arc\\_2003/0620/8.shtm](http://www.rg.ru/Anons/arc_2003/0620/8.shtm), accessed 13 February 2012.



Chervichenko, in turn, was forced out in the spring of 2004 after he sold his controlling stake to Leonid Fedun, who was considered, at the time, to be the right hand of Vagit Alekperov, the former deputy minister in the Ministry of Oil and Gas who, in 1990, had established LUKoil as a vast holding company.<sup>295</sup> Fedun then moved quickly to fill positions at the club with people who were also associated with LUKoil.<sup>296</sup> In the 2000s LUKoil became Russia's largest non-state owned gas and oil company. Fedun had made his money in the early 1990s when he had helped Alekperov to privatize LUKoil, and he held 9.3 per cent of the company's stock.<sup>297</sup> With Fedun's influence at both Spartak and LUKoil, it became hard to differentiate between the two companies, so much so, that LUKoil has become an important part of Spartak's corporate identity. Furthermore, thanks to the investments of Fedun as well as Alekperov, Spartak was able to begin construction of a new football stadium at the former Tushino airfield—the project was completed in the summer of 2014. Even though the stadium management often emphasised that LUKoil didn't finance the project outright, it was Fedun who was involved in making the stadium project possible in the first place, and his company benefited from the new marketing possibilities that the up-to-date facility provided for its sponsors.<sup>298</sup> Spartak's takeover by Chervichenko in 2001 was significant in that it heralded the rise of the oligarchs and corporate entities in Russian football. As we will see, Spartak was the first of many clubs that experienced a takeover by rich benefactors after 2001. In fact, by 2014, almost every club in the Russian

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<sup>295</sup> Barnes, *Owning Russia*, 87.

<sup>296</sup> *Komsomol'skaia Pravda*. 1. Jun. 2004. <http://www.kp.ru/daily/23288/29289/>, accessed 14 February 2012.

<sup>297</sup> [http://www.forbes.com/lists/2010/10/billionaires-2010\\_Leonid-Fedun\\_KI42.html](http://www.forbes.com/lists/2010/10/billionaires-2010_Leonid-Fedun_KI42.html), accessed 13 February 2012.

<sup>298</sup> *Sovetskii Sport* 23 Dec. 2010. <http://wap.sovsport.ru/4d4ff4f6f0ff5/index.php?vid=1838641&view=xhtml&cases=archive&m=201112&d=20101223&pm=3&pd=1&pa=1&aid=1993171>, accessed 15 February 2012.

Prem'er Liga had a rich backer either from the regional government, private industry, or a state owned corporation.

In 2013 Fedun proposed to change the ownership structure of Spartak by floating the club on the stock exchange.<sup>299</sup> This was not the first time that Spartak had toyed with the idea of opening the club up to the stock exchange to create an open joint stock company (Otkrytoe Aktsionernoe Obshchestvo), similar to a Limited Company in the United Kingdom. Fedun hoped that this would make the club more self-sufficient and less reliant on the continued funding of Fedun and LUKoil. He has admitted that, on average, he had to spend \$60 million a season, since taking over the club, in order to keep the club competitive in the Russian Prem'er Liga, and that he had invested another \$500 million in the construction of Spartak's new stadium.<sup>300</sup> Floating Spartak on the stock exchange was a historic event in Russian football, as this was the first club in Russia to take such a step. Spartak believed that this was the only way they could compete with the new powers of Russian football that had emerged after 2001. Despite Fedun's large investments, the club was unable to keep up with other clubs in the Russian Prem'er Liga, which were receiving the same amount or more than Fedun was able to provide at Spartak. Time will tell what Spartak's move to the stock exchange will mean for the club, and whether Spartak's action will create Russia's first self-sustainable football enterprise.

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<sup>299</sup> <http://www.espnfc.com/story/1370897/spartak-moscow-chief-floating-club-on-stock-market> accessed 19 November 2014.

<sup>300</sup> <http://www.profi-forex.org/novosti-rossii/entry1008155769.html> accessed 19 November 2014.

Back in 2001, however, Leonid Fedun was not the only person interested in purchasing Spartak. In 2001 Evgenii Giner had approached Romantsev to buy shares of Spartak, but the coach turned down the offer when Giner laid out a plan for Spartak that included giving Romantsev a normal contract as coach. Giner then looked to invest his money in another football club.<sup>301</sup> After having regained the majority share of their football club in 2001, the Russian Ministry of Defence sold its majority share of TsSKA to the investment groups AVO-Kapital and the British company Blue Castle Enterprise Limited. At the head of the consortium that bought TsSKA was Evgenii Giner. The club immediately spent money on 19 new players and brought in Gazzaev, who had been hugely successful with Alania, as its new coach.<sup>302</sup> In 2002 TsSKA finished second behind Lokomotiv, and in 2003 the club won its first Russian championship.

Soon after, however, questions began to appear in the international press over the nature of the club's investors. The British football magazine *When Saturday Comes* ran a story on TsSKA's links with Roman Abramovich, owner of the Chelsea Football Club. The magazine reported that Roman Abramovich's lawyer Alexander Mamut owned Blue Castle Enterprises, which held a 49 per cent share of the club; AVO-Kapital held another 26 per cent, and the Russian Ministry of Defense owned the remaining 25 per cent. In March 2003, the club also signed a sponsorship deal, worth \$54 million over three years (their previous sponsorship deal with KONTI brought in \$1.5 million a year) with Sibneft, which at the time was also owned by

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<sup>301</sup> *The Blizzard*, January 2012.

<sup>302</sup> *Sport-Ekspress* 23 Nov. 2001, [http://www.sport-express.ru/newspaper/2001-11-23/2\\_4/](http://www.sport-express.ru/newspaper/2001-11-23/2_4/), accessed 13 February 2012.

Abramovich.<sup>303</sup> Abramovich bought Chelsea FC in 2003, for a reported \$233 million, which at the time was the costliest takeover of a football club in British football history.<sup>304</sup> The possible connection between Chelsea and TsSKA was controversial, because UEFA laws stipulate that an individual is not allowed to be a majority owner of more than one club in a European competition. This was problematic because Chelsea and TsSKA were drawn against each other for the group phase of the 2004-05 UEFA Champions League season.<sup>305</sup> UEFA launched an investigation against TsSKA prior to the Champions League matches between Chelsea and TsSKA in order to learn more about the nature of the investors at the club.<sup>306</sup> Abramovich was later cleared by UEFA of all allegations that he had a controlling stake in both clubs.

While Spartak and TsSKA were taken over by private investors after 2001, large state-owned corporations started to play a role in financing football operations as well. In 2002 Lokomotiv Moscow, owned by the Ministry of Transport, won the inaugural Russian Premier League season, which highlighted a change in the power dynamics not only of Russian football, but also of Russia itself—a shift that would see more involvement of state owned corporations. In Soviet times, Lokomotiv had been considered the weakest of all the Moscow teams. After the fall of the Soviet Union, however, the club became one of the strongest teams in Russia; the club won a record 5 Russian Cups (1996, 1997, 2000, 2001, and 2007). Lokomotiv, unlike its main competitor Spartak, owned its own stadium, and in 2000 work began to build the first modern football-only stadium since the breakup of the Soviet Union. The project was finished in 2002, in

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<sup>303</sup> *When Saturday Comes*, November 2004, <http://www.wsc.co.uk/content/view/1905/29/>, accessed 12 February 2012.

<sup>304</sup> <http://news.bbc.co.uk/1/hi/3036838.stm>, accessed at 12 February 2012.

<sup>305</sup> *When Saturday Comes*, November 2004.

<sup>306</sup> <http://news.bbc.co.uk/sport1/hi/football/europe/3603664.stm>, accessed 14 February 2012.

time to celebrate Lokomotiv's first Russian championship. The facility had a capacity of 28,800 and was also often used for the home games of the Russian national team.<sup>307</sup> Equally important, the stadium was a symbol of intent by Russian Railways (Rossiiskie zheleznye dorogi, or RZhD). In 2003, Russian Railways became a company that was independent of the Ministry of Transport, but the Russian government remained the largest shareholder<sup>308</sup> despite attempts to privatize the company in the early 2000s.<sup>309</sup>

RZhD's investment in the stadium and the football team was part of a sponsorship strategy. RZhD has a complete monopoly over the Russian rail market and, therefore, economic growth could only come through investments in foreign transport markets. Football was an important means to draw attention to the resurrection of Russia's transport sector both at home and abroad. The club also invested lavishly in both Russian and foreign players. In the period between 2002 and 2014 the club spent €200.95 million on new players, making the club and RZhD two of the biggest spenders in the Russian Prem'er Liga. With the rise of other rich competitors, Lokomotiv and RZhD increased the amount of money they invested in the club (in 2005/06 spending €19.4 million, a sum that would be topped in 2008-09 by an expenditure of €23.2 million, in 2012-13 an outlay of €20 million, and in 2013-14 a figure of €32.2 million).<sup>310</sup> The increased spending of RZhD meant that the club was able to increase its popularity in the highly competitive Moscow market, where clubs had to fight for attendance not only with other

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<sup>307</sup> <http://www.felm.ru/ru/club/infrastruktura/stadion/index.php>, accessed 13 February 2012.

<sup>308</sup> [http://eng.rzd.ru/isvp/public/rzdeng?STRUCTURE\\_ID=30#4](http://eng.rzd.ru/isvp/public/rzdeng?STRUCTURE_ID=30#4), accessed 13 February 2012. (Annual report by RZhD in 2012)

<sup>309</sup> Barnes, *Owning Russia*, 225.

<sup>310</sup> <http://www.transfermarkt.de/lokomotiv-moskau/allemtransfers/verein/932> accessed 21 December 2014.

football clubs, but also with the countless other modes of entertainment available in the city. In 2002 the average attendance was 6,700 per home game. By 2009 it was 15,293, which meant that the club had managed to increase its attendance by almost 300 per cent despite the fact that they only won another league title in 2004 and a cup title in 2007.<sup>311</sup> As a result of the club's failures in the league, attendance levels began to dip slightly after 2009.<sup>312</sup> At the same time, the club increased its spending on players, which can be attributed to the fact that other clubs in Russia were also starting to spend more heavily, especially as other corporations began to invest in football after 2001 in what can almost be described as a sports arms race between ministries. This was a way of promoting an image abroad, but could also be understood as an internal power struggle over which ministry could hold the most influence within the Russian state. Lokomotiv was the first sign of a new actor on the Russian football scene: the Russian state in the form of ministries and resource-based corporations.

RZHD's investment was soon eclipsed by Gazprom's ownership of Zenit Sankt Petersburg. No other club is as synonymous with the power of Russia's state-owned resource industry than Zenit. Unlike Moscow, which always had several clubs in the Russian and Soviet Vysshaya Liga, Sankt Petersburg has only ever had one strong club—Zenit. Zenit, however, was also a troubled club; in Soviet times the club was only able to win one championship and was even relegated during the last Soviet Vysshaya Liga season. The club was also relegated from the Russian Vysshaya Liga in 1992, and spent three years in the Russian Second Division. Following relegation, the club was taken over by Vitalii Mutko, the vice-mayor of Sankt Petersburg at the

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<sup>311</sup> <http://www.sports.ru/tribuna/blogs/mydiary/107510.html> accessed 21 December 2014.

<sup>312</sup> [http://www.football-lineups.com/tourn/Russian\\_Premier\\_League\\_2013-2014/stats/home\\_avg\\_atte/](http://www.football-lineups.com/tourn/Russian_Premier_League_2013-2014/stats/home_avg_atte/) accessed 21 December 2014.

time, and was reorganized into a closed joint-stock company.<sup>313</sup> The restructuring of Zenit from a public club, which was partly owned by the city, into a closed joint-stock company made it possible for investors to put money into the club. This meant that the Zenit could finally begin to tap the huge potential of being the only club in Russia's second largest city.

One investor was Gazprom, which had its headquarters in the city. In 1995, the club was promoted from the Russian Second Division to the Russian Vysshaya Liga. In 1997, Gazprom took over kit sponsorship from the Sankt Petersburg brewery Baltika.<sup>314</sup> After Zenit won the 1999 Russian cup, the chairman of Gazprom Petr Rodionov promised that Zenit would receive the funding needed to produce a team that could perform successfully on the world stage.<sup>315</sup> In the following years, Gazprom's investment in sports in Sankt Petersburg extended to the hockey team SKA, and then, in 2005, Gazprom took over as the only shareholder of Zenit when Chairman David Traktoenko stepped down and agreed to sell his shares.<sup>316</sup> Gazprom had been created in 1989 as part of a reorganization of the state, and was known as the Ministry of Natural Gas Industry.<sup>317</sup> Under the El'tsin administration the state only held 38 per cent of Gazprom's shares, and was very non-interventionist. When Putin came to power, however, he wanted the government to reassert control over its assets, and, in 2001, he installed Aleksei Miller as the new CEO of the company.<sup>318</sup> The installation of Miller and Dmitrii Medvedev, who are both

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<sup>313</sup> <http://en.fc-zenit.ru/main/history/historyclub/p90/>, accessed 20 August 2012.

<sup>314</sup> <http://en.fc-zenit.ru/main/history/colors/>, accessed 11 February 2012.

<sup>315</sup> *Izvestiia* 28 May 1999. 8.

<sup>316</sup> *Sport Ekspress* 25. Dec. 2005, <http://news.sport-express.ru/2005-12-25/114230/>, accessed 29 November 2011.

<sup>317</sup> Barnes, *Owning Russia*, 61.

<sup>318</sup> *Ibid.* 175.

natives of Sankt Petersburg, in May 2001, was a major turning point in the government's role in Gazprom, as the Putin administration began to use its shares in the company not only to reshuffle the leadership but also to acquire other gas and oil players in the Russian economy in order to return Gazprom to a purely state-owned enterprise.<sup>319</sup>

In 2005, Gazprom was supposed to be merged with the state-owned company Rosneft, in order to create a holding that controlled the interests of the oil and gas resources of the Russian Federation. In exchange for the merger, the Russian state was supposed to receive a 13 per cent stake in Gazprom, which would effectively return the company to ownership by the Russian government. The intended merger between Gazprom and Rosneft came during the Mikhail Khordokovskii trial. Rosneft was to take over Khordokovskii's company Yukos, which was declared bankrupt after it was hit with several back tax charges and was supposed to be auctioned off to Rosneft. Khordokovskii, however, had filed for bankruptcy in the United States in the hope that United States law would protect him from the strong arm of Russia's legal system. The legal battle between Khordokovskii and the state lasted 2 years and resulted in Yukos merging with Rosneft.<sup>320</sup> Although the state was successful in taking over the company of one of Russia's most prominent oligarchs, the trial was criticized world wide, and certainly damaged Gazprom, despite the fact that the Russian government backpedalled on the possible merger between Gazprom and Rosneft. Gazprom, therefore, needed to improve its image, and the purchase of Sankt Petersburg's most popular club, a team that claims several million

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<sup>319</sup> Marshall I. Goldman, *Petrostate*, (Oxford, 2008) 104-105.

<sup>320</sup> Barnes, *Owning Russia*, 210-212.



followers in Russia, was judged to be the perfect next step. For Zenit, this meant that the club returned to control under the helm of the state, and Gazprom became a very active owner involved with the daily operation of the club.

Thanks to Gazprom's investments, the club was able to hire the Dutch coach Dirk Advocaat in July 2006. In 2007 Zenit was able to break Moscow's monopoly to become the first non-Moscow team since Alania Vladikavkaz to win the Russian championship. Zenit was, as a result, able to present itself at the highest international level—the Champions League. In 2008, Zenit won the UEFA Cup by defeating Glasgow Rangers 2-0 in Manchester. The club also beat Manchester United to win the UEFA Super Cup, which is played between the winner of the Champions League and the winner of the UEFA Cup.<sup>321</sup> In 2009, the club won its second championship, a third in 2012, and a fourth title in 2015, and has consistently qualified for the Champions League.

#### Berlusconization of post-Soviet football

The strong connection between oligarchs, football and politics became especially apparent in the Ukraine in the early 2000s and had a deep impact on the ownership structures of football clubs in the region. This was motivated by the success of the owners of the big two, the Surkis brothers at Dinamo and Akhmetov at Shakhtar. The connection between football and politics is not a new one, and it is not limited to Ukraine. In Europe, there are many examples of politicians forming close associations with sport. When the oligarchs took control of football in Ukraine in the early 1990s, the Italian Serie A was the strongest league in the world. Italian football had become a catalyst for aspiring young politicians to make a name for themselves. The best example is Silvio

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<sup>321</sup> <http://en.fc-zenit.ru/main/history/historyclub/p2000/>, accessed 11 February 2012.

Berlusconi, who made his money by building a football media empire, which enabled him to buy AC Milan in 1986. Thanks to Berlusconi's money, the club became one of the most successful in Europe, but, more importantly, the success at Milan gave Berlusconi a national stage; Berlusconi's money and media influence allowed him to develop AC Milan into a successful and world-famous business, which in turn enabled Berlusconi to become Prime Minister of Italy.<sup>322</sup> Berlusconi's involvement led to the development of a calciocracy in Italy as the country became dominated by personalities who developed their political profiles through football.<sup>323</sup> Most of the Ukrainian oligarchs made their money in the early 1990s and often within legal grey zones. They then started to legitimize their business operations in the late 1990s and early 2000s, right at the time when Berlusconi was at his peak in Italy, and his methods must have served as an example. Ukraine underwent a process that led to the development of a futbolocracy, or Berlusconiization. Berlusconiization is, thereby, to be understood as the deep connection between football and media platforms to achieve political goals. In Kiev, the Surkis brothers achieved this through their connection with their business partner, Viktor Medvechuk, who was also in control of various media platforms such as the Slavutych Media Group, and the Alternative TV station.<sup>324</sup>

The connection of a popular club with a large media platform made it possible for the Surkis brothers and Medvechuk, to accumulate social capital, which the Surkis brothers have used to balance the political handicap of their Jewish background: in the 1990s and 2000s anti-

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<sup>322</sup> Foot, *Calcio*, 117.

<sup>323</sup> *Ibid.* 326.

<sup>324</sup> Wellgraf, 'Die Millionengaben: Fußball und Oligarchen in der Ukraine', 102.

Semitism was still a major part of Ukrainian society.<sup>325</sup> Professor Andrew Wilson from the UCL School of Slavonic and East European Studies explains in his book *The Ukrainians* that Dinamo Kiev was, for example, a decisive instrument for the 1998 election in which the club supported Leonid Kravchuk's Social Democratic Party, which won 25 seats in the election and did especially well in Kiev.<sup>326</sup> As we learned earlier, Kravchuk played a decisive role in ensuring that Dinamo's ban for match fixing was lifted by UEFA, in return Kravchuk not only gained a position on Dinamo's board was also able to use the club's connection to the media for his party's political campaigns. In his book, Wilson points out that Dinamo may have postponed the transfer of star striker Andrei Shevchenko until after the 1998 election—Shevchenko was transferred to Milan in the summer of 1999—in order to strengthen politicians such as Kravchuk. Although Wilson admits that this notion was far too cynical to entertain—at the same time he did point out that the club received state support, and was an important political vehicle in Ukrainian politics, which is underlined by the fact that the entire Dynamo team publically declared their loyalty to Surkis by joining the Social Democratic Party.<sup>327</sup> In 1999, Hryhoriy Surkis ran in the election for the mayor of Kiev, however, the popularity of Dinamo Kiev and the support of the club's media empire was not enough to defeat the incumbent Aleksandr Omelchenko. Omelchenko ran a hostile campaign that targeted not only Surkis' wealth, but also his Jewish background.<sup>328</sup>

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<sup>325</sup> *Ibid.* 103.

<sup>326</sup> Andrew Wilson, *The Ukrainians*, 186-187.

<sup>327</sup> *Ibid.* 266-267 and 271.

<sup>328</sup> *Ibid.* 272.

Andrew Wilson believes that football played an important role in boosting the political profile of would-be politicians such as the Surkis brothers, who used the combination of mass media and football to sharpen their profile as Berlusconi had done in Italy in the 1990s. Furthermore, the Surkis brothers were not the only ones who discovered the potential of football, in 2001, for example, Karpaty L'viv was bought by Petro Dimyns'kii, a manager of coalmines in the communist era and a successful businessman after the fall. Dimyns'kii had used his old party contacts to amass an incredible fortune of several hundred million dollars by trading in gas, oil, and coal. Dimyns'kii was a fan of Berlusconi and, like Berlusconi, wanted to create a successful team and use the resulting publicity to launch a career in politics.<sup>329</sup> In 2002, he was indeed voted into the Verkhovna Rada, Ukraine's parliament, in which he served one term.<sup>330</sup> Dimyns'kii was not alone in his ambition—the oligarchs had a great deal to gain politically by making their clubs as glamorous and successful as possible; the journalist Franklin Foer writes in his book *How Soccer Explains the World*: '[the oligarchs] told fans that they wanted their team to take its place alongside the greatest clubs of Italy, Spain, and England.'<sup>331</sup>

Foer's book was published in 2004, but the trend of oligarchs investing into Ukrainian football continued. In 2004, Metallist Khar'kov was bought by Aleksandr Iaroslavs'kii, who began to invest heavily in his club; he spent €20 million on new players, €50 million on a new stadium, and also invested heavily in the infrastructure of the city of Khar'kov by spending €200

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<sup>329</sup> Foer, *How Soccer Explains the World*, 143.

<sup>330</sup> [http://gska2.rada.gov.ua/pls/site/p\\_exdeputat?d\\_id=5595&skl=5](http://gska2.rada.gov.ua/pls/site/p_exdeputat?d_id=5595&skl=5), accessed 17 February 2012.

<sup>331</sup> Foer, *How Soccer Explains the World*, 143.

million on a new airport for the city.<sup>332</sup> Iaroslavs'kii had made his money in banking and in the construction business and his construction company DCH (Development Construction Holding) is the main sponsor of Metallist. Iaroslavs'kii's connections to the construction business explain his investment in the infrastructure of Khar'kov. Iaroslavs'kii's investments secured Khar'kov a place as a host city for the UEFA Euro 2012 tournament, which was hosted by Poland and Ukraine. This, in turn, benefited DCH because a major competition like the Euro tournament guarantees investment by the government into the infrastructure of the host city, and consequently, contracts for DCH. Like Dimyns'kii, Iaroslavs'kii served one term in the Verkhovna Rada, but left politics in 2006.

The history of Shakhtar Donetsk is well explained in the publication *World Soccer*, which in November 2011 published a special report by the magazine's Ukrainian correspondent Oleg Zadernovsky titled: 'Club Focus Shakhtar Donetsk: Making dreams come true'. The report outlines both the history of the club as well as financial details. Shakhtar won its first Ukrainian championship in 2001. In 2005 Shakhtar won its second championship and by 2011 was able to add another four championships as well as two Ukrainian Cups to its collection. According to *World Soccer* Akhmetov soon realized that he would only be able to attract star players to the bleak mining town of Donetsk if he could provide them with special infrastructure, and he therefore invested heavily in the Kirsha Training Complex, which now covers 43 hectares and includes luxury rooms for players and staff, an elite medical and rehabilitation centre, restaurants, eight grass and artificial full-size pitches, an indoor arena, as well as a park. Akhmetov's next step was to spend money on foreign professionals. After two foreign coaches,

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<sup>332</sup> *Sueddeutsche Zeitung* 19 Mar. 2009, <http://www.sueddeutsche.de/sport/fussball-in-der-ukraine-ein-oligarchisches-rundum-sorglos-paket-1.407916>, accessed 17 February 2012.

the German Bernd Schuster and the Italian Nevio Scala, failed to bring international success to Donetsk, Akhmetov hired the Romanian Mircea Lucescu, who was able to unify the Eastern European players with the many Brazilians that Akhmetov had acquired, and formed a team that won the UEFA Cup in 2009.<sup>333</sup> In September 2009, a brand new stadium for 52,000 (48,000 for European matches) people was opened. Named the Donbass Arena, the stadium has become a source of regional pride, and Shakhtar had the highest league attendance in the Ukrainian Premier League before the club was forced into exile in 2014 due to the fighting in the Donbass.

According to *World Soccer*, Akhmetov—in the period between 1995 and 2011—spent £900 million on the club. This sum includes the price of the stadium, which cost £260 million to build, and Shakhtar’s annual budget of £64.5 million, which allows the club to maintain a squad of elite players from the Ukraine as well as top players from abroad. Shakhtar is completely dependent on Akhmetov’s investments: its annual revenue stands at £44.45 million, which is £20 million short of the club’s budget, and all losses are covered by Akhmetov’s company SCM (System Capital Management), which is also the sponsor of the club.<sup>334</sup> In 2006 SCM became the general sponsor of Shakhtar Donetsk when Akhmetov was the sole shareholder and held 90 per cent of the shares of the SCM holding company (the remaining 10 per cent are held under his wife’s name).<sup>335</sup> In April 2006 Shakhtar was transferred from Rinat Akhmetov and various other shareholders to SCM, which was able to take control of 99.998 per cent of the club (Akhmetov

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<sup>333</sup> *WorldSoccer* November 2011.

<sup>334</sup> *Ibid.*

<sup>335</sup> <http://www.ua-football.com/ukrainian/high/44bfdcdc.html> accessed 19 November 2014.

retained the remaining 0.002 per cent). Nominally the club now became an official holding of SCM, with Oleg Popov as the official chairman of the club.<sup>336</sup>

Tkach believes that the main motivation behind this move was to make Shakhtar and SCM appear to be a more modern and transparent business concern: ‘This move was not about hiding anything, quite the contrary, Shakhtar is actually one of the few clubs in Ukrainian football that pays their taxes.’<sup>337</sup> Instead, the move was, most likely, about appearances, as Akhmetov’s absolute control over SCM means that the club remained under his control, and he retained his position as the club’s president. The restructuring of SCM and Shakhtar appear to be part of a modern business plan that is intended to call attention to SCM as a modern transparent corporation, and, in turn, Akhmetov as a clean and legitimate businessman. This was especially important because, like the oligarchs mentioned above, Akhmetov’s investment was politically motivated; in fact, he served as a role model for most of Ukraine’s oligarchs. Politically, Akhmetov was an elected member of the Verkhovna Rada, as a representative of the Partiia Regionov.

In the aftermath of the 2012 UEFA European Championships in Poland and Ukraine, the connection between politics and football ownership structures became even more pronounced. In December 2012, Iaroslavs’kii made a surprising move and sold Metallist Khar’kov to the previously unknown businessman Sergei Kurchenko. Kurchenko, at only 27 years of age, is

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<sup>336</sup> <http://novosti.dn.ua/details/25961/> accessed 19 November 2014.

<sup>337</sup> Tkach.

believed to be the figurehead behind the gas import conglomerate GazUkraina-2009, a company that has since been rebranded as VETEK. At the time, Kurchenko was believed to be a close friend of Aleksandr Ianukovich, the son of then president Ianukovich.<sup>338</sup> Iaroslavs'kii justified the sale of the club by referring to the enormous pressure that he had faced in the months leading up to the sale. Iaroslav'skii never specified what kind of pressure he was under, but the media in Ukraine has since speculated that the pressure came from the leadership of the Partiiia Regionov.

Dnipro Dnepropetrovsk (previously known as Dnepr) was owned by Igor Kolomois'kii, who is also the founder and owner of Pryvatbank, one of Ukraine's largest banks. After the fall of the Soviet Union, the first professional club of the former Soviet Union underwent a period of mediocrity and was unable to challenge Dinamo and Shakhtar for the Ukrainian championship. Thanks to investment by Kolomois'kii, which included a brand new stadium for 33,000 spectators, the club started to become a more prominent member of the Ukrainian Premier League, and began to challenge the old duopoly of Dinamo Kiev and Shakhtar Donetsk.<sup>339</sup> Dnipro's ownership by Kolomois'kii also illustrates how quickly the fortunes of owners and clubs could change in Ukraine. Kolomois'kii, who was one of the most influential members of the Dnepropetrovsk Clan (its post-Soviet reincarnation), was also a major political opponent of Rinat Akhmetov and the Partiiia Regionov. At around the same time that Iaroslavs'kii sold Metallist, Kolomois'kii came under political and economic pressure, with several of his businesses under threat of bankruptcy. His strong ties to various opposition parties, including at

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<sup>338</sup> *When Saturday Comes*, Feb. 2013 <http://www.wsc.co.uk/wsc-daily/1158-february-2013/9408-newcastle-must-be-wary-of-metalist-kharkiv> accessed 28 March 2013.

<sup>339</sup> *Guardian* 28 Aug. 2007.  
<http://www.guardian.co.uk/football/2007/aug/28/europeanfootball.dniprodnipropropetrovsk>, accessed 17 February 2012.



times Blok Timoshenko, have been said to be the main reason why the Ianukovich administration began to financially target several of his companies.

Kolomois'kii was not only involved in the business operations of Dnipro, but through various business contacts had also built himself a football empire, with part-ownership interests in several Ukrainian clubs including Arsenal Kiev. As Kolomois'kii's business interests came under attack, several Ukrainian clubs began to experience economic difficulties, including Arsenal Kiev, Krivbass Krivoi Rog, and Volyn Lutsk, where Kolomois'kii through various business connections was the main financial contributor. Multiple-ownership of football clubs, although technically speaking prohibited by UEFA, had become a standard practice in Ukrainian football in the 2000s. Akhmetov, through middlemen, was involved in the business operations of various other clubs in Ukrainian football, and by 2012 the league was split into two camps - the pro-Akhmetov clubs and the pro-Kolomois'kii clubs.<sup>340</sup> Yet by the 2012-13 season it seemed that Akhmetov and to a larger extend the Partiia Regionov was gaining control over the clubs of the Ukrainian Premier League, and in early 2013 critics began to remark that the Ukrainian Premier League had started to look like a competition of the Partiia Regionov.<sup>341</sup>

When I lived in Ukraine in the spring of 2013, the shifting battle grounds between the two clans was perhaps most easily followed by observing which television station was broadcasting the home-matches of the individual clubs: if clubs aired their home matches on Ukraine's largest station 2+2, which was owned by Kolomois'kii's business group, they were

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<sup>340</sup> <http://forbes.ua/magazine/forbes/1353039-kolomojskij-naigralsya-v-futbol> accessed 20 October 2014.

<sup>341</sup> *Sueddeutsche Zeitung*, 13 Feb. 2013. 27.

aligned with the Dnepropetrovsk-Clan, but if home matches were shown on Kanal Futbol, owned by Akhmetov, the club was associated with the Donbass Clan. The television war started when the Ukrainian Premier League decided to sign an official television deal with just one television station and when only half of the clubs had agreed to such a deal. As Tkach explained: ‘the television war actually showed if oligarchs were pro-Partia Regionov or in the opposition to the party.’<sup>342</sup> Those oligarchs who allowed their club’s games to be shown on Kanal Futbol were for Ianukovich and the party, and those oligarchs who had their club’s games broadcasted on 2+2 were in opposition to the party, whilst at the same time, were not necessarily politically aligned to the other 2+2 oligarchs. To move from one station to the other was, a way to show the public that an oligarch, and therefore often an entire region, had changed its political allegiance.

Clubs and their owners, in this way, became a battleground for the different clans who fought over the control of various industrial, and economic sectors in the 2000s. As Aleksandr Tkach explains: ‘Few of the oligarchs were actually fans of the clubs that they would eventually end up owning. These men are not fans, that is not their motivation, it is all about gaining authority and influence.’<sup>343</sup> The popularity of football clubs in Ukraine meant that football played a key role for the Partiiia Regionov in gaining entrance to the hearts and minds of Ukrainians. In the 2000s football had also become an indicator of who was in charge of the nation’s various political and economic zones.

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<sup>342</sup> Tkach

<sup>343</sup> Tkach

The struggle over the Ukrainian economy by the different oligarchical groups intensified even more in the winter of 2013-14 when the events of Euromaidan resulted in a revolution, coup, and civil war in Ukraine—events which once again had profound implications for Ukrainian football. Shakhtar Donetsk was forced to leave the Donbass, which had become the center of an armed struggle between so-called Russian separatists and the Ukrainian army, and played their home games in other parts of Ukraine.<sup>344</sup> Akhmetov and many of the other oligarchs had to scramble to secure their economic and political futures, and in the case of Akhmetov the conflict in the Donbass meant huge financial losses that significantly impacted the operation of Shakhtar Donetsk.<sup>345</sup> On the other hand Kolomois'kii managed to restore much of his previous power, and even emerged as one of the big profiteers of the revolution; in March 2014 he was named governor of the Dnepropetrovsk oblast.<sup>346</sup>

#### The North Caucasus: Hybrid of State Owned Football and Berlusconization

The process of Berlusconization was not as clear in Russia; patriarchal ownership of a football club was not as pronounced, and the political ambitions of owners did not play as big a role in the 2000s, as it was impossible for oligarchs in Putin's Russia to gain the same kind of political initiative as the oligarchs in Ukraine. The exception was the Russian Caucasus: here the Kremlin allowed oligarchs and politicians, political initiative as long as they cooperated with the centre. In fact, the Kremlin would cede political authority in the region if the individuals in question were willing to make financial contributions to the volatile Caucasus area. Two of the most recent examples include clubs from the Republic of Chechnia and the Republic of Dagestan. The

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<sup>344</sup> <http://www.bbc.co.uk/sport/0/football/29414222> accessed 21 October 2014.

<sup>345</sup> <http://hubs.com.ua/business/rinat-ahmetov-nemnogo-obednel.html> accessed 16 October 2014.

<sup>346</sup> *New York Times*, 2 Mar. 2014. [http://www.nytimes.com/2014/03/03/world/europe/ukraine-turns-to-its-oligarchs-for-political-help.html?\\_r=0](http://www.nytimes.com/2014/03/03/world/europe/ukraine-turns-to-its-oligarchs-for-political-help.html?_r=0) accessed 18. October 2014.

football club Terek Grozny represents Chechnia, and the President of Chechnia, Ramsan Kadyrov, owns the club. Chechnia has seen two brutal conflicts since the dissolution of the Soviet Union and its capital Grozny was completely devastated by the wars that took place between Chechen independence fighters and the Russian government. Terek was re-founded in 2001 and started out in Russia's Third Division. By 2005, however, the club had reached the Russian Prem'er Liga. Terek Grozny only lasted in the top flight for one season, but returned in 2008.

In 2004 Akhmad Kadyrov, the owner of Terek and president of Chechnia, was killed during a football game, when a bomb exploded in his press box, in what was considered a political assassination. Akhmad Kadyrov's son Ramsan replaced him both as the head of the club and president of Chechnia. Ramsan Kadyrov then made large investments in the club with the hope that success on the playing pitch symbolize growth and stability in Chechnya. A new football stadium was opened in 2011, new foreign players were signed, and new training facilities were built. All improvements were made possible by investment of the Russian government in the hope that improved infrastructure would enhance the image of Chechnia and attract foreign investment—that would further build up infrastructure and in turn would further increase stability in the region.<sup>347</sup> Unlike the Ukrainian clubs, this team is owned by the Republic of Chechnia and is therefore indirectly controlled by the Russian government, but like many clubs from the Ukraine, Terek has become a vehicle through which its owners try to sharpen their political profile.

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<sup>347</sup> *Guardian*, 20 Mar. 2011, <http://www.guardian.co.uk/world/2011/mar/20/chechnya-football-terek-grozny?INTCMP=ILCNETTXT3487>, accessed 17 February 2012.

An even better example of Ukrainian style futbolocracy in Russia can be found in Dagestan. Dagestan's capital Makhachkala is home to the football club Anzhi, which for a brief period could be described as one of the most interesting football projects in Europe. Unlike Terek, an individual billionaire by the name of Suleiman Kerimov, was the owner of Anzhi. Kerimov bought the club from the president of Dagestan, Magomedislam Magomedov, and the Dagestani businessman Igor Iakovlev in January 2011. The Russia newspaper *Vedomosti* later reported that the club was given to Kerimov free of charge and in return the billionaire covered losses of 130 million roubles (£2.7 million) that the club had accumulated since 2009. Kerimov promised immediate investment into the club which included \$30-50 million for players, as well as \$200 million for the club's infrastructure.<sup>348</sup> In March 2011, Anzhi bought their first high profile player, the Brazilian Roberto Carlos, and in August 2011 the club bought Cameroonian Samuel Eto'o for £18.4 million from the Italian club Inter Milan. Eto'o signed a three year deal in which he would earn £8.7 million annually.<sup>349</sup> Other players followed, attracted by the high salaries, but also perhaps by the fact that they did not actually have to live in Makhachkala, as the club was located in Moscow, where the club used the training facilities of the bankrupt club Saturn Ramenskoe, and only travelled the 1600 kilometres from Moscow to Makhachkala for their home games.<sup>350</sup>

In March 2011 Frank Nienhuysen from Germany's newspaper *Die Sueddeutsche* wrote that the Russian government had "kindly" asked Russia's richest oligarchs to invest more into

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<sup>348</sup> *Vedomosti* 19. Jan. 2011. <http://www.vedomosti.ru/companies/news/2011/01/19/1191051>, accessed 17 February 2012.

<sup>349</sup> <http://www.bbc.co.uk/sport/0/football/14610186>, accessed 17 February 2012.

<sup>350</sup> *Kicker* 18 Aug. 2011, 28.

local football instead of into foreign clubs, but the overriding motivation for Kerimov, who was born in Dagestan, was political. He was more interested in becoming the president of Dagestan than in creating a European super club.<sup>351</sup> As in Ukraine, Anzhi was a political vehicle, but this was an anomaly in Russian football. Oligarchs in Russia don't buy football clubs to sharpen their political profile, but use football clubs to buy political protection, or as a channel for investments abroad. Anzhi also demonstrated how short-lived the political ambitions of oligarchs in Russia could be, for by the summer of 2013 Anzhi underwent what the team officially called a rebranding operation. Within weeks the club put the entire squad up for sale. Officially, the reason given for this fire sale was that the club wanted to focus on redeveloping local talent from Dagestan. Just prior to Anzhi's fire sale, however, Kerimov had come under economic pressure when he lost hundreds of millions in his fertilizer operation in Belarus, and was even wanted for crimes by the Belarusian authorities.<sup>352</sup> The club had spent £290 million on new players since Kerimov took control of the club, and it was rumoured that along with financial difficulties Kerimov was also facing health problems. The club announced that it would reduce its budget from £116 million a season to between £32 and £45 million, which still placed it in the mid-table range for Russian clubs.<sup>353</sup> But the sudden departure of top players, as well as the turmoil created by the owner, resulted in poor performances and at the end of the 2013-14 season Anzhi was relegated to the Russian First Division.

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<sup>351</sup> *Sueddeutsche Zeitung* 3 Mar. 2011, 29.

<sup>352</sup> <http://en.ria.ru/sports/20130906/183217936/Etoo-I-Was-Mystified-by-Anzhi-Fire-Sale--Report.html> accessed 20 October 2014.

<sup>353</sup> <http://www.bbc.co.uk/sport/0/football/23603167> accessed 20 October 2014.

The events at Anzhi also sum up the main difference between ownership structures and the motivations of owners in Ukraine and in Russia; in Russia, the state structures are much more secured, and football cannot be used as a political tool because the state does not tolerate new political actors. The exception is the Caucasus, but here the Kremlin hopes to encourage financial investments from Russia's oligarchs, and in return for the investment the Russian government grants them political power. The Caucasus is a geographically volatile area, however, and football investments are extremely insecure in this region, as we have seen in the case of Anzhi and Alania.

### Conclusion

In the Soviet Union and later in its successor states, football clubs were dependent on various forms of paternalism. In Soviet times football clubs were founded as part of government organizations, were owned and operated by local government, or were part of a state-owned factory. When the Soviet Union collapsed, clubs in Russia often remained under the umbrella of one state organization or another. This was mainly due to the fact that sponsorship money and television income was and still is much lower than in Western Europe. Only two prominent clubs briefly experimented with individual ownership groups that operated independently from the state in the 1990s—Spartak under coach/manager/president/owner Romantsev, and Torpedo, which became part of the Luzhniki group. In the early 2000s there was a move toward investment not only by oligarchs, but also by large state-owned corporations. Although TsSKA was sold to an investment group, the state maintained minority shares through the Ministry of Defence. Other state-owned companies also began to invest into football, and here the purpose was marketing through sponsorship. In the newly independent Ukraine, clubs quickly came under the control of individual owners, called oligarchs, who used football to give their business

operations a façade of legitimacy. This is especially clear in the case of Dinamo Kiev, which was the front for numerous business operations; the Donetsk clan run by Akhmat Bragin and later Rinat Akhmetov later copied this model. The same was true for Dinamo Tbilisi: Georgia suffered economically after the fall of the Soviet Union, and Dinamo Tbilisi became part of a mafia apparatus that was deeply connected to the state, and that tried to use football for a multitude of illegal activities. This development was possible because football clubs were dependent on external income, and, as in Russia, TV money was insufficient to field competitive teams. In addition, when Ukraine and Georgia declared independence from the Soviet Union, all ties with the central authorities in Moscow were severed. The football oligarchs filled this vacuum, and by the 2000s they realized the political value of their clubs. Ukraine quickly saw the development of a futbolocracy in the 2000s, and football ownership and politics became intertwined. This is perhaps the biggest difference between Ukraine and Russia: in Russia only the Caucasus region had football owners who were politically motivated, and this was only possible because the Russian government sanctioned the political involvement. What is, however, noticeable is the ever-increasing presence of the Russian state in the economic activities of football since 2001.



## **The People's Theatres: Stadium Ownership and Identity in the Soviet and post-Soviet Space**

### Introduction

Stadiums are the theatres of football; it is here that thousands gather to watch their favourite teams and players compete. Unlike theatres, however, football stadiums are interactive arenas where the crowd is involved and part of the spectacle. The stadium is the home of the game and a reason why football has become a gathering place for thousands of fans. As was the case around the world, football stadiums were the People's Theatres in the Soviet Union and in the later successor states. Yet, the situation in the Soviet Union was different from that in the United Kingdom, in that football stadiums were fashioned by various state authorities rather than by capitalistic clubs in an attempt to attract crowds in order to run a profit. When it came to stadium construction, the government authorities of the Soviet Union followed almost the same principle as professional North American sport leagues: build a venue and then allocate a professional sports team to play in it. The expansion of stadium construction in the Soviet Union is well outlined in Robert Edelman's history of spectator sport in the Soviet Union.<sup>354</sup> This chapter will expand on the Edelman's work by including new sources as well as by tracing the process of stadium development in the post-Soviet space.

Stadiums are much more than simply a stage for football in that they are an integral part of the identity of a club. In the Soviet Union one's decision to support a certain team could also be a conscious move to oppose or support the central control by Moscow. In his article 'Our Own Internationale', Manfred Zeller highlights how ethnic groups from across the Soviet Union,

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<sup>354</sup> Edelman, *Serious Fun*.

excluding Russians, supported a non-Moscow based club. Zeller describes that when Kiev won the Soviet Cup in 1966: “The event was transnational in that the euphoria for D[i]namo Kiev crossed the boundaries of national groups and the borders of national republics.”<sup>355</sup> It is significant that these stances against perceived Russian domination of the Soviet Union often originated in football stadiums. As large structures, stadiums are important landmarks of cities, and in the case of the Soviet Union, even of entire republics. As fans rallied behind clubs that symbolized entire nations, their stadiums, to an extent, became icons of nationhood. This chapter will outline the perception of stadiums in places such as Armenia and Georgia, and will analyse what happened once independence was achieved and the major clubs were no longer seen as representative of an entire nation. In other parts of the former Soviet Union, however, stadiums continued to be seen as a manifestation of regional identity and pride.

This chapter also outlines the transition of stadium enterprises from communism to capitalism in the late 1980s. When the Soviet Union finally collapsed, many stadiums turned into private enterprises: one such example is the Luzhniki (Lenin) Stadium in Moscow, which after 1987 was owned and operated as a private company. Stadiums are a fascinating example of the ownership structures of the former Soviet Union, and of the way in which these arrangements changed with the fall of the Soviet Union and the transition from communism to capitalism. The economic instability that followed the collapse of the Soviet Union made improvement of stadium facilities nearly impossible. In the 1990s these old Soviet style stadiums became symbolic of the stagnation that the sport was facing in the former Soviet states. The general trend

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<sup>355</sup> Manfred Zeller. ““Our Own Internationale,” 1966’, 55.

of falling attendance in all the leagues was partly due to the poor condition of the stadiums. Soviet, and later Russian journalists lamented the deterioration of football facilities.

With the return of relative political stability in Russia in the early 2000s, stadium projects once again became possible. The first club to build a modern football-only stadium was Lokomotiv Moscow; construction began in 2000 and was completed in 2002. In subsequent years Lokomotiv (owned by the Russian Railways) was one of the more successful clubs in Russia. What did the renovation and construction of stadiums mean for clubs in general, and what impact did the improved comforts and amenities of new stadiums have on the clubs? To what extent were new stadiums built and did the clubs with new stadiums benefit financially? More recently, Ukraine built a number of new stadiums in order to host the 2012 European Championships. Russia is hosting the 2018 World Cup, and many clubs have planned new stadium projects. This chapter will explain how the construction of large-scale sport infrastructure illustrates the continued influence of state patronage on major construction projects in the post-Soviet space.

#### The Luzhniki Disaster - Football's Chernobyl and the Mirage of Cutting-Edge Sport Facilities

The Luzhniki Stadium Disaster is one of the worst stadium catastrophes in the history of football. The Luzhniki Stadium was considered the largest and most modern in the Soviet Union, and was even renovated and expanded for the 1980 Olympic Games. The disaster unfolded on a very cold night when the terraces were covered in ice. Spartak was playing Haarlem in the UEFA Cup and had scored an early goal. As the match was nearing its conclusion people started to leave early. Because only 23,000 people attended the match, security personnel had opened only two gates to the stadium. Reports later indicated that one fan stumbled in the large crowd, which immediately

crushed those people who moved to help the fallen fan. The exit was blocked by fans who were funnelled by metal banisters as they tried to make their way out of the stadium. People fell over the crushed bodies and this created a domino effect. Spartak then scored a late second goal and many people who were already on their way to the metro tried to return to the stands to celebrate. In all 66 people died during the stampede.<sup>356</sup> The authorities reacted by keeping the extent of the deaths and injuries a secret. Only one local newspaper, *Vecherniaia Moskva*, escaped the general censorship and reported as follows: “An incident occurred yesterday in Luzhniki. After the football match, some spectators were injured.”<sup>357</sup> As with the Chernobyl disaster that occurred three years later, the regime tried to hide the tragedy from the public. A few foreign press reports were, however, able to report on what happened at the match. Three days after the accident, the New York Times published a report in which it stated that 20 people were killed in a panic at the Lenin Stadium.<sup>358</sup> The full extent of the accident that occurred at the Luzhniki stadium was not made public until after Gorbachev’s perestroika and glasnost policies were introduced. Even then it took until 1989 for the public to be made aware of the full extent of the stadium catastrophe.<sup>359</sup>

The fact that the catastrophe took place in the most important sport facility in the Soviet Union was a major blow for a society where sport was a central part of the international propaganda effort. This led to the reaction by the Soviet authorities to censor the true extent of the disaster. The mishap at the Luzhniki laid bare some of the shortcomings of the Soviet

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<sup>356</sup> *Izvestiia* 20 Jul. 1989. 6.

<sup>357</sup> *Guardian* 4 May 2008. <http://www.theguardian.com/football/2008/may/04/championsleague> accessed at 25 September 2013

<sup>358</sup> *New York Times* 25 Oct. 1983. <http://www.nytimes.com/1982/10/26/sports/20-dead-in-panic-at-moscow-game.html> accessed at 23 September 2013.

<sup>359</sup> *Sovetskii Sport* 18 Apr. 1989. 1. *Izvestiia* 20 Jul. 1989. 6.

facilities, but also that of the security forces such as the militia, which was in charge of security during that particular night.<sup>360</sup> Although authorities managed to keep the full extent of the tragedy hidden, a full investigation of the events that led to it was conducted in 1983.<sup>361</sup>

Most facilities were built during the three construction booms of the Soviet period: the first, in the 1930s; the second, right after World War II; and a third, in the 1960s. In 1952 the USSR had 1,020 stadiums, each with a capacity of more than 1,500 seats, and by 1968 that number had grown to 3,065 stadiums. The most recent increase in renovations came at the time of the 1980 Moscow Olympics, when facilities, especially in Moscow, but also in other cities around the Soviet Union, were upgraded.<sup>362</sup> The authorities in Moscow spread the games of the Olympic Football tournament across the entire country: Moscow, Leningrad, Kiev and Minsk all hosted matches and their stadiums were upgraded for those events. Yet the Luzhniki disaster highlights the fact that most of these renovations were only cosmetic and did little to improve the actual standards of the sport facilities involved, especially in terms of comfort, and safety. Later, in 1985, the Soviet Union hosted the World Youth Championships with the group stage games played in Erevan, Tbilisi, Baku, and Minsk and the finals held in Leningrad and Moscow.<sup>363</sup> While this tournament was discussed excessively in the media, the competition did not act as a catalyst for improving football stadiums in the Soviet Union.

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<sup>360</sup> Zeller, *Das sowjetische Fieber*, 123-124.

<sup>361</sup> *Izvestiia* 20 July 1989. 6.

<sup>362</sup> Edelman, *Serious Fun*, 160.

<sup>363</sup> GARF, f. R7576, op. 34, d. 1251, ll. 22 and 25.  
(Communication between FIFA and the Football Federation of the USSR, 1985)

While the Soviet Union boasted a few large stadiums for big sporting events in the major cities, there was a gap when it came to providing facilities to secondary cities. This is especially highlighted in Figure 1 that shows the football arenas that were available for the 1986 Soviet Vysshiaia Liga.

**Figure 1**

Location	Stadium name	Capacity
Moscow	Tsentrāl'nyi stadion imeni B. I. Lenina (Luzhniki)	100360
Kiev	Respublikanskii stadion	100169
Tbilisi	“Dinamo” imeni B. I. Lenina	74328
Leningrad	Stadion imeni S. M. Kirova	74000
Erevan	Tsentrāl'nyi stadion “Hrazdan”	70402
Minsk	“Dinamo”	50862
Moscow	“Dinamo”	50475
Odessa	Tsentrāl'nyi stadion Chernomorskogo parokhodstva	43000
Baku	Respublikanskii stadion imeni B. I. Lenina	42616
Donetsk	Tsentrāl'nyi stadion “Shakhtar”	40485
Kharkov	“Metallist”	37000
Moscow	Sportivnyi kompleks “Olimpiiskii”	35000
Dnepropetrovsk	“Meteor”	30000
Alma-Ata	Tsentrāl'nyi stadion	28500
Kutaisi	Tsentrāl'nyi stadion	23800
Moscow	“Torpedo”	20000
Vil'nius	Tsentrāl'nyi stadion “Zhal'giris”	15000
Moscow	LFK TsSKA	3256
All data via <i>Sovetskii Sport</i> <sup>364</sup>		

Some of the arenas were shared: Several clubs in Moscow, for example, used the Luzhniki and the Olimpiiskii complex. The Olimpiiskii complex was an indoor arena primarily used for matches that could not be played outside due to bad weather. In addition, TsSKA primarily used other facilities in Moscow and would only play occasionally at the LFK TsSKA due to its small

<sup>364</sup> *Sovetskii Sport* 1 Mar. 1986. 3.

capacity. Many of the larger arenas on the list were so called multipurpose arenas, which were not built specifically for football and included running tracks that made viewing extremely difficult as the field was further from the stands. Also, there were only seven stadiums with a capacity of over 50,000 in the entire Soviet Union, whereas the country's biggest sporting competitor, the United States, had nine such facilities in the State of California alone.<sup>365</sup> Unlike the West, where many clubs were grounded (as the term home-ground suggests) in a specific locality, football clubs in the Soviet Union often lacked this foundation. The reason for this is the manner in which the Soviet Union financed sport: the centralized approach meant that stadiums had to be used efficiently and were therefore shared between as many sporting events as possible.

Soviet stadiums were partly paid for by the public through ticket sales from sporting events such as football games, in spite of the fact that ticket prices were fairly low. While clubs received all of the proceeds from ticket sales, football clubs were then required to pay a levy on their ticket income—which was intended to pay for the upkeep of the stadium. An example of how clubs were taxed is provided by statistics from Chernomorets Odessa's home game against Spartak Moscow in 1975: On that day the income was 24610.10 roubles, from which a 10 per cent levy or 2461.08 roubles was deducted for Souizsportobespechenie (Union for Sports Provision), and another 25 per cent or 6152.70 roubles was deducted for the upkeep of the stadium. The remaining 15997.02 roubles were given to Chernomorets. Clubs did not have to pay the Union fee when playing friendlies or international matches. The formula of taxation was constantly adjusted after 1976. Chernomorets, for example, then had to pay 20 per cent toward

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<sup>365</sup> Edelman, *Serious Fun*, 160.

the upkeep of the stadium and also was required to share the income with the visiting team. The sum was split 50 – 50 per cent in the event of a tie, 55 – 45 per cent in case of a home win and 45 – 55 per cent if the away team won.<sup>366</sup> This formula gave a special incentive to travelling teams like Spartak Moscow, especially if they were successful. The rule was probably also introduced to make fixed games less likely, as Soviet football suffered from the frequent occurrence of prearranged matches in which both teams would arrange a tie ahead of the match. This rule was introduced along with the draw limit rule, which limited the amount of ties a club could get in a season, in order to provide incentives for teams to win their home matches against bigger clubs instead of just settling for a tie.<sup>367</sup> Both these rules were supposed to make the Soviet Vysshaya Liga more exciting, less predictable, and more lucrative by attracting more fans, and consequently generating more ticket sales. Clubs and the football administration were trying to maximise profit in order to generate income which would pay toward maintaining facilities.

As has been pointed out, most clubs did not own their home stadiums, even Spartak Moscow, which did not move into its own stadium until the fall of 2014. Spartak is famous for having used whichever facility was available in Moscow, and has used both the Lenin Stadium (Luzhniki) and the Dinamo Stadium extensively. They rented the facilities because it was actually cheaper to use facilities provided by the state than to construct and maintain their own. This system had a downside, however, as clubs were not responsible for the upkeep of the facilities in which they played. Clubs like Torpedo Moscow and Lokomotiv Moscow, which

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<sup>366</sup> TsDAGO, f. 1, op. 32, d. 1511, ll. 29-31, 35-36.  
(Stadium Accounts from Odessa, 1975)

<sup>367</sup> Edelman, *Serious Fun*, 175-176.



were associated with workers' unions, played in facilities that were owned by the respective unions, which also operated the sports societies. Torpedo's stadium, for example, the Strel'tsov Stadium, which is located not far from the ZiL auto works in the south of Moscow, was owned and operated by the car manufacturer ZiL. The Eduard Strel'tsov Stadium is a modest, yet by Soviet standards, a modern ground, with a capacity of 13,000—an ideal size for a club like Torpedo. The Luzhniki, on the other hand, had an official capacity of 78,000, and even Spartak and TsSKA, which have also used the stadium for their home matches, were unable to sell out the stadium on a regular basis. In 1976, as part of the preparations for the Olympic games, the Strel'tsov was renovated to become the permanent home stadium of Torpedo Moscow. It was equipped with under soil heating and was one of the few facilities that could be used for football games in the harsh Moscow winter.<sup>368</sup> Lokomotiv played their home games at the Lokomotiv stadium, which was owned by the Ministry of Transport, and run by the rail workers union. The fact that the union that ran the club directly owned Torpedo's Strel'tsov stadium meant that the facility was much better maintained; it was often considered one of the most modern facilities in Moscow.

The unions to which the clubs were affiliated were responsible for the upkeep of the stadiums.<sup>369</sup> Hence, the patrons of Torpedo and Lokomotiv, owned the stadiums, and as a result these clubs were much more grounded in their home facilities. But how did stadiums that were not closely associated with either a club or the patron of a club operate? An example of such a

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<sup>368</sup> <http://strel.ru/history.html> accessed at 22 October 2013.

<sup>369</sup> Lane, *Soviet Economy and Society*, 28.

facility is the Respublikanskii Stadion (today NSK Olimpiiskii) in Kiev, which was owned by the republican government. Although the stadium had an independent management group, the facility actually fell under the direct control of the Ukrainian Committee for Physical Culture (Sportkomitet UkSSR). This is demonstrated by the manner in which the stadium received funding for repairs and improvements. In 1983, for example, minor repairs had to be made to the stadium and these were organized at a plenary session of the Ukrainian Sport Committee. This committee was responsible for both the selection of the construction company, as well as for allotting funds for the stadium project. In this particular case the committee selected Tsentrstal'konstruktsiia and Ukrmontakhimzashchita for the repairs; Tsentrstal'konstruktsiia was given 1,000 roubles and Ukrmontakhimzashchita 40,000 roubles to conduct the work. These sums came directly from funds allocated to the Ukrainian sport committee for cultural purposes.<sup>370</sup> The direct involvement of the sport committee in the stadium project illustrates the command and control structures that were involved in the operation of the big republican stadiums in the Soviet Union. These stadiums were part of the sport committees of the individual Soviet Republics. In order to maintain stadiums or to build new stadiums, central committees as well as sport committees were allocated funds as part of five-year plans. These five-year target plans included all facets of industrial growth in every corner of the Soviet Union including football and were overseen by the Soviet agency of industrial planning Gosplan.

This management system is illustrated by the handling of facilities in Ukraine in the second half of the 1980s. In 1985, for example, for the five-year plan running from 1985 to 1990 Ukraine was expected to increase its number of stadiums from 951 in 1984 to 1149 in 1990. The

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<sup>370</sup> TsDAVO, f. 5090 op. 3 d. 1618, l. 70.  
(Work Plan: Republican Stadium in Kiev)

city of Kiev alone was to increase its number of stadiums from 25 to 31 by 1990.<sup>371</sup> To put these numbers in perspective, a stadium according to the Soviet definition was a field with any form of stands surrounding it; therefore the incredible number of 951 stadiums in Ukraine included many that would not qualify as such in Western Europe or North America. Furthermore, the list did not specify football stadiums, and may in fact have included stadiums for other sports. This quantitative approach clearly illustrates the extent to which stadium management and production was part of the central planning process of the Soviet Union.

Dinamo Kiev, for example, was at the centre of a football production chain within the city of Kiev and even the entire Ukraine. The goal was to centralize football and the facilities from the top down. At the very top was Goskomsport, and below this level were the central committees of the various republics that usually operated the Republican stadiums as well as the biggest club. At the next level was the city, which ideally was centralized with the major club at its core (the exception was Moscow). Dinamo Kiev, therefore, was allotted control over all facilities within Kiev. The club was given full power over all youth schools, which included the Dinamo SKA as well as the Dinamo DYuSSh. There were also 160 football fields and 24 stadiums in the city, which were all controlled through the Dinamo Kiev football club and in this case were under the direct supervision of Valerii Lobanovskii who had to answer directly to the central committee of the UkSSR.<sup>372</sup> This top down approach meant that individual clubs had very little influence over the creation and allocation of facilities. Yet this system of club

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<sup>371</sup> TsDAVO, f. 5090 op. 3. d. 1772, ll. 1-16.  
(Pamphlet on Five Year Plan for football in Ukraine 1985-1990)

<sup>372</sup> TsDAGO, f. 1, op. 32, d. 2131, ll. 38-39.  
(Letter to the Party Secretary Shcherbitskii from M. Baka, and V. Dorokhov)

ownership and operation during the time of the Soviet Union worked well, as the units were all part of the same chain of command.

The day-to-day involvement of the central sports committee of Ukraine and the Central Committee of the Communist Party of Ukraine highlights the hierarchical chain of command in Soviet sport. More importantly this demonstrated a lack of proprietorship in the sense that these facilities operated as independent enterprises that simply received funds from various state agencies. The resulting management of facilities was not always clear-cut, as various groups could claim organizational oversight over stadiums. On paper, stadiums were operated by managers who were responsible for financing the upkeep of the facility through the income generated by clubs using the facilities. The central committees, or sports committees, of the various republics seemed to intervene only in refurbishment projects, or if funds were not available for important construction. The managers had, therefore, very little power, as they were simply to oversee the daily operation of the stadium and to implement projects as instructed from above. This meant that when things went wrong, as in the Luzhniki case, they could be held responsible even if they had just followed instructions.

#### Reforming the Sport Economy: Khozraschet in Sport Facility Management

The management of sport facilities did change, however, due to the economic problems of the Soviet Union in the second half of the 1980s. In the mid-1980s finance and material allocated to the upkeep of stadiums and infrastructures reached only 30 per cent of what was allotted according to the norms set by the five-year plans.<sup>373</sup> The plenum of the Ukrainian Football Federation, for example, complained that by December 1985 the city did not have enough

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<sup>373</sup> Farkhshatov, 'Breitensport oder Wettkampf der Industriegiganten?', 87.

facilities to house all of its youth teams. In addition, the upkeep of facilities and repair work at the Bolshevik stadium had come to a halt due to a lack of material.<sup>374</sup> By the mid 1980s the Soviet Union had experienced a general slowdown in economic performance and the growth rate of industrial output had fallen dramatically. This was accompanied by supply imbalances.<sup>375</sup> It became clear to the authorities that stadiums, much like other facets of the Soviet economy, had to be made independent from state subsidies in order to guarantee maintenance of an operational standard. The government therefore looked into new methods through which facilities could be financed.

In the late 1980s advertisement boards were introduced into Soviet sport. Advertising played a significant role in the transformation of Soviet football, as will be discussed in detail in chapter 5. Stadium advertising was directly negotiated between Sovintersport (which was the enterprise responsible for setting up sponsorship deals) and the management of the individual stadiums. The structure through which such deals were set up between Sovintersport and Stadium management illustrates the process whereby stadiums were transformed from state owned facilities to *khozraschet* enterprises. On 31 May 1989, for example, the Soviet Union played a friendly match versus Iceland. As part of the sponsorship deal set up by Sovintersport, 10 per cent of the income generated through advertising reverted back to Sovintersport. The remainder, however, was directly transferred to the bank account of the Luzhniki Stadium (Promstroibank).<sup>376</sup> The advertisement deal between Sovintersport and the stadium management

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<sup>374</sup> TsDAVO, f. 5090, op. 3, d. 1774, ll. 17-20.  
(Presentations by members of the Football Federation of Ukraine, 26 December 1985).

<sup>375</sup> Hewett, *Reforming the Soviet Economy*, 60 and 91.

<sup>376</sup> GARF, 10029, op. 2, d. 318, l. 44.

of the Luzhniki suggests that at this point stadiums were already acting as independent financial actors. In some cases stadiums were also receiving state funding. This indicates that in the period of the Gorbachev reforms, stadiums experienced the best of both worlds. The late 1980s also saw changes in economic laws that resulted in the establishment of *khozraschet* enterprises. As explained in chapter 2, financially, these enterprises were expected to run unassisted by the state. There is some evidence that not only clubs but also some stadiums were turned into self-funded organizations. Stadiums, in many ways, were among the earliest self-funded organizations in the Soviet economy. Financially, some organizations already operated independently from the state, and, therefore, when *khozraschet* was introduced, the step to self-sufficiency was quickly achieved. This could explain why *khozraschet* gained momentum quickly after 1987 as it simply affirmed already existing business practices. As mentioned above, stadiums were given a percentage of the income generated through ticket sales at football games. Soviet authorities permitted advertising boards in October 1987, and, in the early stages, stadiums did not share in the income generated. Instead, those funds were transferred to Goskomsport and to the republican sport committees. In March 1988, for example, Sovintersport simply sent a list of boards that had to be put up for the UEFA Cup Winners' Cup match between Dinamo Minsk and Mechelen from Belgium. The letter simply informed the Director of the Central Dinamo Stadium in Minsk that advertising was permitted, what kind of boards would be delivered prior to the game, and where they should be installed.<sup>377</sup> It was not until 1989 that the aforementioned documents between Luzhniki and Sovintersport show that stadiums received funds from

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(Sovintersport: Advertisement contract between Sovintersport and the Lenin Stadium, 31 May 1989).

<sup>377</sup> GARF, 10029, op. 2, d. 185, l. 21-23.

(Sovintersport: Letter to the Director of the Central Dinamo Stadium in Minsk, March 1988).

sponsorship deals. This suggests that the management structures of stadiums changed between 1988 and late 1989.

As with infrastructure in general in the Soviet Union, the general disrepair of stadiums and sport facilities and the resulting decrease in attendance numbers for football and other sports, became part of a public debate. Low attendance numbers, especially, became an important topic for sport journalists and former athletes in major publications. The main criticism was the fact that football clubs in the Soviet Union had not yet learned that sport was also a business and that it was necessary to invest in sports in such a way as to not only offset the costs but also to make a profit. Critiques often pointed out that football had become a global commercial enterprise, but compared to the rest of the world, the organization of football in the Soviet Union was significantly behind. The usual comparison made was with sport in Canada and the United States, where hockey teams, for example, made 40 per cent of their profit from the audience.<sup>378</sup> The comparison with North American sport was especially interesting to Soviet officials from clubs and sport associations. Clubs that moved their enterprise status to *khozraschet* (self-financing) declared that they would generate most of their income from attendance. In fact, Dnepr Dnepropetrovsk, which became the first self-financed club in the Soviet Union in 1987, was one of the few clubs that gained control over its own stadium when the club became an independent organization. Dnepr was, therefore, able to keep the income generated at its stadium.<sup>379</sup> This set of circumstances was certainly due to the fact that authorities had a strong interest in Dnepr and wanted the club to succeed in order to set a benchmark for other clubs that

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<sup>378</sup> *Argumenty i Fakty* 15 Apr. 1989. 7.

<sup>379</sup> *Izvestiia* 28 Sep. 1987. 6.

were to become self-financing. In truth, however, most clubs would not gain control over their facilities until after the fall of the Soviet Union. Perhaps this was due to the fact that clubs did not necessarily want full control over facilities, as it meant that they would have had to pay for their upkeep.

This is especially demonstrated in the case of Dinamo Kiev. Here, the major training facilities were directly controlled by the sport society to which the club was affiliated, in this case, Dinamo's patron the Ministry of Interior. Koncha-Zaspa, which is located in the Kiev suburb of the same name, had been the home base of Dinamo Kiev since 1961.<sup>380</sup> In 1987 the central committee of the Ukrainian Soviet Socialist Republic (UkSSR) approved the expansion plan of the training base, which once again underlines the connection between Dinamo Kiev and the highest echelons of political power of Ukraine. Vladimir Shcherbitskii, the secretary of the Ukrainian Central Committee, approved the redevelopment plan on 30 November 1987. At that point it had been 20 years since any sort of work had been done on the Dinamo Kiev training facility. The work that needed to be done was extensive: a press room, an indoor facility, new medical facilities, a swimming pool and two football fields were all to be added to the existing training complex. The central committee under the leadership of Shcherbitskii directly approved the funding, part of which came straight from funds provided to Ukraine by Gosplan.<sup>381</sup>

As outlined in the chapter "Owning the People's Game", Dinamo Kiev was, in many ways, the official club of the Ukrainian central committee. Koncha-Zaspa was the political nerve

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<sup>380</sup> [http://www.fcdynamo.kiev.ua/club/training\\_camp/base/](http://www.fcdynamo.kiev.ua/club/training_camp/base/) accessed 24 October 2013.

<sup>381</sup> TsDAGO, f. 1, op. 25, d. 3154, l. 7.  
(Letter to the Party Secretary Shcherbitskii from El'chenko and V. Fokin, 30 November 1987).



centre of Ukraine, as most of the political elite had their dachas in the forests surrounding the training base.<sup>382</sup> It is, therefore, no surprise that Dinamo Kiev received funds from the central committee to lavishly expand the training complex. The working plan that was drawn up in December 1987 outlines in detail the cash flow from the state to Dinamo Kiev. Altogether 6.7 million roubles were allocated to funding the Koncha-Zaspa project. Another 500,000 roubles were assigned to improvement projects at the sport youth school “Nivki”, which was also part of the Dinamo Kiev football club.<sup>383</sup> This generous support came at a time when Dinamo was already officially moving towards becoming a self-funded enterprise, yet the Ukrainian central committee continued to be involved in the reconstruction process of the base all the way to its completion. In early 1990, for example, when the project experienced problems due to financial difficulties of some of the construction enterprises involved, the central committee offered direct assistance.<sup>384</sup> Despite the fact that Dinamo was officially designated as an independent entity that no longer received state subsidies, the club continued to collect state funding indirectly through the construction of the training base. As is outlined in chapter 2, Dinamo was a special case, for the club was able to maintain its political connections in the dying days of the Soviet Union, and, therefore, maintained its image as the all-Ukrainian club even after the Union collapsed in 1991. Dinamo, therefore, was able to receive the best of both worlds: the freedom to act independently from the state in all matters involving the club, and state support through funding for its infrastructure.

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<sup>382</sup> *Kyiv Post* 6 May 2010. <http://www.kyivpost.com/content/ukraine/ukrayinska-pravda-exposes-presidents-mezhygiryia-de-66006.html> accessed 28 October 2013.

<sup>383</sup> TsDAGO, f. 1, op. 25, d. 3154, l. 8-10.  
(Work Plan on Dinamo’s Training Base at Konche-Zaspe)

<sup>384</sup> TsDAGO, f. 1, op. 25, d. 3154, l. 12.  
(Work Plan for Dinamo’s Training Base, 4 January 1990)

## Post-Soviet Debris: Stadiums in the Aftermath of Soviet Collapse

When the Soviet Union fell, the images of struggling post-Soviet societies became a major theme of the early 1990s. The pictures of Russia's sprawling and crumbling industrial complexes transformed the perception of the Soviet Union as a major world power with massive military capabilities to that of the Russian Federation, a country in dire need of economic and industrial reform. In terms of football, the economic depression was reflected in the poor state of Russian football facilities. In 1992-93 TsSKA Moscow was the first Russian team to compete in the Champions' League group phase. The team was not allowed to compete in Moscow, however, as no stadium in all of Russia was modern enough to deal with the severe Russian winter. TsSKA, therefore, had to play all of its home games in Germany; their first home match was played against the Glasgow Rangers in Bochum on 9 December 1992, and the other two were staged at the Berlin Olympic Stadium on 3 March against Olympique Marseille and on 7 April against Club Bruges.<sup>385</sup>

Russian officials had tried to have the games take place in Russia, however, as they argued that, in the past, UEFA had allowed games to take place during the Russian winter, and it was speculated that the new ruling was caused by doubts on the part of the European football governing body regarding the political stability of the Russian Federation. Initially, TsSKA wanted to play their home games in Spain but this was rejected by UEFA. TsSKA was not the only Russian club threatened with having to play their home games abroad. Dinamo Moscow was told by UEFA that they had to play Benfica Lisbon in the Italian city of Bergamo.<sup>386</sup> The

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<sup>385</sup> <http://pfc-cska.com/cska/?history=85> accessed at 27 September 2013.

<sup>386</sup> *Sovetskii Sport* 18 Nov. 1992. 3.

Dinamo match did, however, end up going ahead in the Torpedo stadium in Moscow—which was equipped with under soil heating but unfortunately for TsSKA was deemed too small for Champions League football.<sup>387</sup> The Luzhniki stadium was considered big enough, but the former Lenin stadium lacked a roof, which meant that crowds were not protected from snow and rain during the winter months. In addition, the stigma of the now exposed disaster that took place at the facility during a match in the middle of winter was also a likely deterrent for the UEFA officials. In the past, the champion of the Soviet Union would have played such matches in the Caucasus, but, with the independence of the states in that region, this was no longer a viable option; political tensions would have made it difficult for a champion of the former Soviet Union to compete in the now independent republics. Ultimately, Germany (Berlin's Olympic Stadium and the Ruhrstadion in Bochum) was chosen as the location for the home matches. The choice of Germany, especially that of Berlin, known for its extremely harsh winters, indicates that politics, in addition to weather, was the actual reason for the decision. UEFA may simply have been apprehensive of the political situation in Russia's capital in the immediate aftermath of the fall of the Soviet Union.

UEFA's mistrust of Russia's facilities was not unfounded, however, as most sport facilities in the post-Soviet space in the early 1990s were in a dismal state of repair. With the onset of perestroika, street sellers moved into the fields around the stadium, which gave the area in the Luzhniki ground the atmosphere of a typical post-Soviet market place. Once again, the Luzhniki Stadium had become a synonym for the current state of affairs, this time in the Russian

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<sup>387</sup> *Sovetskii Sport* 26 Nov. 1992. 1.

Federation instead of the Soviet Union. As Alexandra Köhring writes in her journal article “Sporting Moscow”:

Luzhniki was a place where the – sporting – successes of the Soviet state took place, but where, on the other hand, material problems were concentrated that forced people to confront its deficiencies.<sup>388</sup>

It was symbolic that Russia’s first international football entry was forced to play its home games in Germany because the state of the Russian stadiums did not allow top international football to be played in Russia. The stadium situation in the Russian capital was especially precarious and continues to be so to this day. After the fall of the Soviet Union, not only the Luzhniki Stadium was considered to be below the international standard.

In Volgograd, the home of Rotor Volgograd, one of the most successful Russian clubs of the early 1990s, the stadium had not seen repairs since it was built in 1962. The condition of the facility was so dreadful that *Sovetskii Sport* used the Volgograd Central Stadium as emblematic of the poor state of Russian stadiums in the early 1990s. The Volgograd Stadium was owned by the municipal government, and managed by the city sport committee (Oblsportkimitet). The sport committee of Volgograd, however, believed that it was up to the city of Volgograd to organize the much needed renovation of the entire sport complex, as the city also harboured leading teams in gymnastics, handball and several other sports.<sup>389</sup> The poor state of repair of the stadium was one of the reasons why Rotor Volgograd began to struggle in the late 1990s and soon disappeared into the lower levels of Russian football. The situation also shows that, even after the fall of the Soviet Union, many clubs had still not gained control over their home

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<sup>388</sup> Alexandra Köhring, ““Sporting Moscow’: stadia buildings and the challenging of public space in the post-war Soviet Union”, *Urban History* Vol. 32, Is. 02 (2010), 253-271.

<sup>389</sup> *Sovetskii Sport* 9 Feb. 1993. 3.

stadiums, and that facility management often continued to rely on the methods used during the time of the Soviet Union. The facilities were run by either regional or city governments. Volgograd is an example in which the city was in charge of stadium development and also demonstrates that the hierarchical command structure for facility management from before and after the fall of the Soviet Union largely remained the same. Volgograd was not the only city in which sport facilities were in dire need of repair and renovation. After the Soviet Union collapsed, the successor states also struggled with financial difficulties as well as the necessary market reforms that came with the collapse of the centralized economy.

#### Stadiums and Identity: The long decline of football Stadiums in the post-Soviet space

Georgia, and Armenia especially, have seen a long and brutal decline in the football infrastructure that was set up in Soviet times. Here the decline of facilities can be directly attributed to the weakening of the sport as a means to project national identity. Big clubs like Dinamo Tbilisi, or Ararat Erevan were now competing in national competitions, and, therefore, no longer received the unified support of an entire republic whose population had previously seen the clubs as replacements for national teams. This was evident, for example, in the Armenian nationalist movement that formed in 1988 and used chants that had previously been sung at Ararat Erevan games. One such football chant was called Hayer (Armenians). The Armenian anthropologist Levon Abramian, when interviewed by Simon Kuper, outlined the importance of the Republican teams as national symbols and also recalled that games became more violent in the late 1980s, especially when Russian teams came to visit. In fact, winning a match in Erevan became a dangerous pastime for Russian clubs. As Kuper wrote: 'local policemen would often suggest to the Russians that if they won, there might be a regrettable

riot.’<sup>390</sup> Ararat Erevan was the logical choice as the centrepiece of the region’s national upsurge: the club incorporated the national symbol of all Armenians in its club name, and its participation in the all-Union Soviet Vysshaya Liga gave Armenians the opportunity to use the club as a symbol of the struggle for national unification, and later of national independence. Pavel Katchatrian, former General Secretary of the now independent Armenian Football Federation, stated that, although the national celebrations were passionate after Armenia gained independence from the Soviet Union in 1992, they were not as passionate as when Ararat Erevan won the Soviet championship in 1973. In his own words: ‘to gain independence was truly a great achievement, but to beat the Russians at their own game seemed even better!’<sup>391</sup> The stadium is crucial as a focus for collective emotions of this kind, as it can provide a community with a large public space in which to gather. ‘Repeated gathering in a communal space gives it historical significance and public memory.’<sup>392</sup> The stadium in this case, the Hrazdan, was, therefore, the focal point of national joy, and a monument to the nation of Armenia.

After the collapse of communism, the attitude toward football changed in the independent republics of the former Soviet Union. As mentioned in Chapter 1, the football leagues of the now independent republics experienced a major competitive decline, as most of the now independent republics struggled with economic collapse and poverty, and the best players moved to Russia, Ukraine or to the West. Suddenly, a club like Dinamo Tbilisi, which previously had competed in the Soviet championship, a tournament that was once one of the best in Europe, now played in a

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<sup>390</sup> Kuper, *Soccer against the Enemy*, 46.

<sup>391</sup> Sudgen and Tomlinson, ‘Football, resentment and resistance in the break-up of the former Soviet Union’, 103.

<sup>392</sup> Christopher Thomas Gaffney, *Temples of the Earthbound Gods* (Austin, 2008), 22.

national championship in a small and poor country in the middle of the Caucasus. Allison reports of a game in November 1995 when Dinamo played a match against Durugi in the Umaglesi Liga: ‘There were 200 spectators in a stadium which can seat 80,000. I left when the score was 8-0 to Dinamo.’<sup>393</sup> Although Allison slightly exaggerates the capacity of the Dinamo Arena, he is correct about the atmosphere of emptiness the huge concrete bowl can now project during an average league game of the Umaglesi Liga. During my time in Tbilisi I was able to attend several matches, and Dinamo still struggled to attract more than a few thousand people to a home match, despite attempts by the clubs to make the stadium more comfortable through renovation. In fact, 90 per cent of the visitors were located in the stadium’s VIP area, and only a handful of fans were located in the open sections of the stadium. The sense I got from watching a game there was that games were now like a state function for the rich and famous of Tbilisi’s high society, who used the occasion to mingle, rather than to watch football.

For the average fan, clubs like Ararat Erevan or Dinamo Tbilisi were no longer seen as vehicles of nationalism, but instead were perceived as former Soviet institutions. While sport was used as a vehicle of nationalism before the fall of the Soviet Union, once independence was achieved, fans looked upon the big clubs as sponsored by Moscow and therefore objects of scorn.<sup>394</sup>

Post-independence it was no longer necessary to exploit football as a theatre of resistance. When party and national affiliations could be expressed openly through more direct political and civic institutions (such as political parties, trade unions, newspapers, partisan movements and so forth) in short term at least, there ceased to be a need for duplicitous forms of communication around football.<sup>395</sup>

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<sup>393</sup> Lincoln Allison, ‘Sport and Civil Society’, *Political Studies*, XLVI, (1998), 719.

<sup>394</sup> *Ibid.* 719.

<sup>395</sup> Sudgen and Tomlinson, ‘Football, resentment and resistance in the break-up of the former Soviet Union’, 104.

This certainly is the case with the two national stadiums of Georgia and Armenia. In 2014, both facilities had seen some repair work but not to a significant enough degree to return them to their original state of the art condition. I was able to tour both facilities on a research trip to Georgia and Armenia in April 2014 and observed that, while Dinamo Tbilisi has done much necessary repair work at the Dinamo Arena, the facility still lacks the comforts of a modern stadium. The same can be said for the Hrazdan, which received a €6 million facelift in 2011.<sup>396</sup> This investment was not enough to repair all the damage inflicted by years of neglect; while the stands and the field now appear to be in good condition (see picture 1) the interior still seemed to be decaying, and the facility lacked any kind of modern infrastructure (see picture 2). In addition, parking spaces outside the arena were used for a form of black market.

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<sup>396</sup> <http://news.am/eng/news/63734.html> accessed 1 February 2015.



**Picture 1**



Hrazdan Stadium. Picture by the author.

Picture 2



Interior of the Hrazdan Stadium. Picture by the author.

The poor condition of the stadiums in Georgia and Armenia is the result of two factors: one, the facilities were no longer used to symbolize national pride once these nations achieved statehood; and two, in both countries football leagues and their national teams were no longer able to draw the necessary crowds for the state to invest into large football facilities. Football and stadiums could still, however, foster regional identity and pride. An example of the importance of stadiums to regional pride in the post-Soviet space is the Donbass Arena.

The Donbass Arena was in the news in 2014 mostly because of the damage it received during the conflict between Russian separatist forces, and the Ukrainian Army in a civil war that was triggered by the Euromaidan protests in the winter of 2013-14. Before the conflict, however,

the Donbass Arena, and its football club Shakhtar Donetsk, was a symbol of regional pride for Eastern Ukraine. After the fall of communism in Ukraine, Russian speakers dominated the south and the industrial regions around the Dnepr and the Donbass.<sup>397</sup> Shakhtar became the centre of attention for the Russian speaking community of the Donetsk and Donbass regions. Despite financial backing from the industrial Donbass region, Shakhtar had failed to win a single championship in the Soviet Union, but the club was known as one of the best supported clubs in the Soviet Union, and was the symbol of the regional pride of the Donbass.<sup>398</sup> When the Soviet Union collapsed in 1991, the Donbass Region was the most industrialized and russified region in eastern Ukraine, especially in the city of Donetsk. The 1989 Soviet census indicated that Russians were the majority in Donetsk at 53.5 per cent of the population, while Ukrainians accounted for 39.4 per cent. The region's russification is underlined by the language data: the proportion of Russian speaking population in Donetsk was 80.5 per cent. Many of the people in the region did not see themselves as Ukrainians or Russians, but predominantly identified themselves as Donetskite (55.6 per cent), while another popular answer was self-identification as Soviet (40 per cent).<sup>399</sup>

The opening of Ukraine's most modern football stadium in Donetsk in 2009 even further underlined the region's aspiration to be taken seriously within Ukraine. Identification with the region is, however, based not on ethnicity but on cultural, and socio-economic issues: miners for

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<sup>397</sup> Gerhard Simon, 'Nationalismus in der Sowjetunion', *Geschichte und Gesellschaft*, Vol. 8, Nationalismus in der Welt von heute (1982), 89.

<sup>398</sup> Serhij Zhadan, 'Schwarzes Gold der Hoffnung', in Serhij Zhadan (ed.), *Totalniy Futbol*, (Berlin, 2012), 212-215.

<sup>399</sup> Yaroslav Hrytsak, 'National Identities in Post-Soviet Ukraine: The Case of Lviv and Donetsk', *Harvard Ukrainian Studies*, Vol. 22, Cultures and Nations of Central and Eastern Europe (1998), 264, 267.

example play a significant role in the regional identity of the Donbass. The miners of the region were involved in bringing the Soviet Union to its knees: between 1989 and 1991 the Donetsk was part of a major miners' strike, and many miners at the time supported independence of the Ukraine because they believed that they would be better off in a resource rich and independent Ukrainian state. As the independence project of the country stalled, however, the people of the Donbass became disillusioned with Ukraine's nation building effort. In a survey conducted in 1995, half of the respondents in the Donetsk region would have decided against independence if they were given a chance to vote again. This strong nostalgia for the past is also highlighted in how the city failed to move on after Ukrainian independence. Donetsk remains very much a city trapped in the past: streets and monuments still bear the names of once glorious professions such as *Shakhtar* (miner) or *Metallurg* (steel worker, and also the name of Donetsk's other football team); monuments to Lenin still occupy central locations of the city; and streets bear the name of Soviet politicians.<sup>400</sup> While Shakhtar's futuristic stadium stood in stark contrast to this Soviet nostalgia, the stadium very much served as an anchor for regional identity. Proudly named the Donbass Arena, the stadium was the symbol of a region that wanted to differentiate itself from the rest of the country and the rule of the central government based in Kiev. This is most aptly displayed in Jacob Preuss' documentary *The Other Chelsea: A Story from Donetsk* in which Preuss highlights the club's connection with the local politics of the Donbass region, but even more importantly the status of the club for the coal miners of Donetsk. In his story Preuss follows the lives of several older miners who work in one of several small coal shafts that exist all over Donetsk. Just days before the stadium is supposed to open one of the miners explains to Preuss: 'The government always changes the rules ... but Akhmetov he kept his word, and

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<sup>400</sup> Zimmer, 'Trapped in past glory: Self-identification and self-symbolisation in the Donbas', 104-106.

tomorrow he will open the Donbass Arena.’<sup>401</sup> The stadium therefore not only served as a vehicle for regional pride, but also underlined that people looked to locals as the real power base of the region - in this case the oligarch Rinat Akhmetov. It is therefore no accident that the stadium, along with the airport, was at the centre of Western reporting when the facilities were targets of significant shelling during intensified fighting in the Donbass during the summer and fall of 2014.<sup>402</sup>

### Russia’s Slow Stadium Recovery

In Russia after the fall of communism, plans to refurbish stadiums existed but they often lay unfulfilled for years as the state recovered from the economic consequences of the disintegration of the Soviet Union. Plans to refurbish the Luzhniki, for example, had existed since the autumn of 1992. Like many stadiums in the Soviet Union the Luzhniki was designed without a roof; since most Soviet outdoor sports were conducted in the spring and summer, there was therefore no need to design stadiums that protected visitors from rain and snow. The problem of a roofless Luzhniki was especially apparent for European football matches, such as the Champions League, the UEFA Cup (now Europa League) as well as the now defunct Cup Winners’ Cup, which were (and still are) held from fall to spring of the following year. The problem, of course, was that a project such as construction of a roof for the Luzhniki would be extremely expensive. In October 1992, four designs were presented to the public. Two of the concepts included retractable roofs, which would have allowed football to take place in every season. In 1992 the retractable roof technology was still in its early stages, and there was doubt that retractable roof designs would

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<sup>401</sup> *The Other Chelsea: A Story from Donetsk*, dir. Jacob Preuss.

<sup>402</sup> *Der Spiegel* 23 Aug. 2014. <http://www.spiegel.de/sport/fussball/ukraine-donbass-stadion-von-schachtjor-donezk-beschaedigt-a-987759.html>

work at the Luzhniki because of its size or that the stadium management could afford such a project.<sup>403</sup>

As it turned out, it was not until 1996 that the Luzhniki saw major refurbishment, and at this time the stadium was already run as an independent company re-organized as the Luzhniki Group. The Luzhniki Group was formed in 1992 when the then Mayor of the city of Moscow Iuri Luzhkov handed control of the stadium over to former Torpedo Moscow player Vladimir Aleshin. Prior to its privatization, the stadium was controlled by the city of Moscow government (Mossovet). Privatization was seen as a precondition for refurbishing the stadium and the sport complex.<sup>404</sup> Aleshin was able to gain control over the stadium and the complex in 1992 during the early stages of the El'tsin privatization. It is not entirely clear how he managed this, as is often the case in the privatization drive of the early 1990s. Prior to being the manager of the Luzhniki Group Aleshin had been a football player with Torpedo Moscow. The Luzhniki Complex was handed over in a process that Andrew Barnes, author of *Owning Russia*, coined as nomenklatura privatization. The State Privatization Program of 1992 allowed managers to obtain up to 51 per cent of their enterprise share—all of which had voting rights<sup>405</sup>—and it was around this time that Aleshin took control over the massive sporting complex at the Moscow Sparrow Hills. The most likely scenario is that Aleshin was able to gather shares in much the same way as the so-called Red Directors did in other industries, that is by purchasing shares in the facility during the early privatization process in the 1990s when workers would often trade in company

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<sup>403</sup> *Sovetskii Sport* 24 Oct. 1992. 3.

<sup>404</sup> *Sovetskii Sport* 7 Nov. 1992. 1.

<sup>405</sup> Barnes, *Owning Russia*, 68, 74.

shares for relatively low sums. In many ways the Luzhniki demonstrates how the mass privatization of state owned assets allowed officials to obtain the assets that they had previously managed.

Aleshin, however, inherited a sport complex that was not only in need of repair, but also did not have a permanent tenant. In the mid 1990s UEFA introduced stringent criteria for stadiums that were part of international fixtures in the UEFA Cup (later Europa League) or the Champions League. These new criteria could have meant that Moscow would have been without a stadium for clubs that took part in international competitions. In 1995 construction began on the stadium, which saw the installation of new seats as well as a massive steel roof. New screens were installed, and the sound and acoustic systems were replaced. The interior and the dressing rooms were also overhauled to meet the standard laid down by UEFA.<sup>406</sup> Aleshin also solved the problem of not having a permanent tenant playing in the stadium, when he was able to purchase Torpedo Moscow from the struggling ZiL motor works in early 1996. Aleshin was able to negotiate a deal which allowed AO-Luzhniki to purchase the club and which saw Torpedo cleared of all its debts.<sup>407</sup> The deal included the transfer of \$3 million to Torpedo to enable the club to obtain the licence that had become required when clubs founded the Russian Professional League.<sup>408</sup>

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<sup>406</sup> <http://www.luzhniki.ru/content/map/big-arena/history.php> accessed 29 October 2013.

<sup>407</sup> *Sovetskii Sport* 1 Mar. 1996. 3.

<sup>408</sup> *Sovetskii Sport* 24 Feb. 1996. 3.



In spite of these positive changes, the Luzhniki was still in danger of becoming a white elephant, for the stadium was simply too large for the limited needs of post-Soviet football, even for big events such as Champions League group matches. The first such match since the fall of the Soviet Union was between Spartak and Dinamo Kiev, and only saw 30,000 people in attendance. This left 50,000 seats empty in the massive concrete bowl.<sup>409</sup> When in 2007 I attended a match between Spartak Moscow and the now defunct team Saturn Moscow Oblast, there were only about 25,000 people in the stadium; the stadium's sheer capacity as well as the running track gave the game an almost ghostly atmosphere. The problem was that Moscow did not possess a football-specific stadium that met the strict UEFA criteria. The only other large football specific stadium in the capital was the Dinamo Stadium, which had been built in 1926 and had not been used for international football since the opening of the Luzhniki Stadium in the mid-1950s. Torpedo Moscow never really seemed at home at the Luzhniki Stadium and often played in front of a dismal crowd; in the early 2000s the club declared bankruptcy, has since moved back under the umbrella of the ZiL plant, and now plays its home games at the Strel'tsov Stadium.

It was not until 2001 that Russia possessed a new football-specific stadium. In 2000 Lokomotiv Moscow and its parent company, the Russian Ministry of Transport, announced that the club would rebuild its Lokomotiv Stadium. The Lokomotiv Stadium was in many ways a small Russian football revolution. It would be the first time that a club from the former Soviet Union would construct a new stadium. Until this moment, Lokomotiv Moscow was often considered the weakest of the Moscow clubs. The construction of the new facility, however,

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<sup>409</sup> *Izvestiia* 25 Nov. 1994. 8.



transformed the team, at the turn of the millennium, from the most debilitated of the Moscow clubs, to the most modern club in Russia. The stadium was entirely paid for by the patron of the club, the Russian Railway Ministry (RZhD). The dividends from the new stadium were immediate, and in 2004 Lokomotiv became the first team since Spartak to claim the Russian championship twice. The new stadium also had a positive effect on club attendance, which increased from 4,480 in 2001 to around 15,000 in 2010.<sup>410</sup> This made the club the best-supported club in Moscow after Spartak.<sup>411</sup> This typical mid-level team had become the first example of an up-to-date club in the post-Soviet space. The stadium in Cherkizovo became the home ground not only for Lokomotiv but also for many of the other Moscow-based clubs as well as for many games of the Russian national team. TsSKA Moscow, for example, has used the stadium for European fixtures. Unlike most stadiums in Russia the Lokomotiv Stadium has no running track and the fans are pressed right up to the side of the playing field.<sup>412</sup>

The success of the Lokomotiv stadium makes for a stark contrast with the rest of the Moscow stadium situation. Until 2014 Lokomotiv remained the only club that had built a new football specific stadium in the Russian capital. With the renovation of the Dinamo Stadium, and the closure of the Luzhniki Stadium in the summer of 2013 due to its proposed reconstruction in preparation for the 2018 World Cup, many clubs have had a difficult time finding proper grounds in which to play. Dinamo, Spartak, and TsSKA have been forced to play in the Moscow suburb of Khimki, where a new stadium was opened in 2008. The Arena Khimki has a capacity of

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<sup>410</sup> <http://www.sports.ru/tribuna/blogs/mydiary/107510.html> accessed 6 February 2015.

<sup>411</sup> Bennetts, *Football Dynamo*, 176.

<sup>412</sup> *Ibid.* 57.

18,000, which is small for Champions League matches, and TsSKA was even forced to play some of the 2013 Champions League group matches in Sankt Petersburg, as there was no stadium available in Moscow.<sup>413</sup> The situation became almost comical and was called the Football Pitch Crisis by the Russian news agency RIA Novosti.<sup>414</sup> The talented squads on the field that are assembled by oligarchs and big businesses in Russia are not matched by the facilities in which they play. Twenty years after TsSKA's forced exile to Germany, the Russian capital has still not been able to move its football facilities up to the standard expected in the 21<sup>st</sup> century, a predicament that many hope will be corrected through the hosting of the 2018 World Cup.

#### UFOs in the post-Soviet Landscape: Ukraine and the 2012 European Championships

Tournaments bring financial benefits in the form of government subsidies and incentives that allow clubs to build new stadiums, which in theory will increase the revenue of football generated in the host country. When Ukraine and Poland were selected to host the 2012 European Championships in 2007 it was the first time that a major football tournament was to be played in the territories of the former Soviet Union. Like Russia, Ukraine's football facilities were stuck in the Soviet past. Most clubs were competing in facilities that had been constructed in the above mentioned Soviet stadium construction boom of the 1930s, 50s and 60s. I visited Kiev in 2007, just weeks after Ukraine was awarded the European Championships, and had a chance to visit the old Respublikanskii Stadium in downtown Kiev. The poor state of the facility—the rust at the gates, the old wooden benches, and the crumbling concrete bowl of the

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<sup>413</sup> <http://www.bbc.co.uk/sport/0/football/24630522> accessed 5 November 2013.

<sup>414</sup> <http://en.ria.ru/sports/20131102/184488281/Moscow-Team-Gets-Desperate-Over-Football-Pitch-Crisis.html> accessed 5 November 2013.

stadium—was apparent right away. In 2013, when I was able to attend a Ukraine national team match in the same stadium as a member of the press, the stadium and the infrastructure surrounding the facility were impressive and were easily comparable to that of the most modern stadiums that can be found in Germany. The Respublikanskii stadium had been torn down, rebuilt, and renamed Olimpiiskii Komplex.<sup>415</sup> As picture 3 highlights, the stadium was now a modern and attractive multi-purpose arena that indeed looked a bit as if a UFO had landed in downtown Kiev.

**Picture 3**



Olimpiiskii Komplex. Picture by the author.

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<sup>415</sup> I was part of a press team of the Ukrainian/Russian sport portal Tribuna.com.

Yet, the build up to the 2012 tournament was filled with much drama as Ukraine struggled to complete many of the stadiums as well as the infrastructure in time to host the European Championships—the second largest football tournament in the world.

One problem building the Olimpiiski was that it was unclear whether or not there would be enough space to construct a new stadium on the grounds of the old Respublikanskii. Moreover, the replacement of the Respublikanskii was just one of many difficulties which arose during the preparations for the tournament. Construction setbacks led to various rumours that the tournament could be taken away from Ukraine, and that some of the games could be moved to Germany. Another complication was that construction of the stadium became part of a political struggle between different oligarchical groups in Ukraine. In many Ukrainian cities, stadium and infrastructure projects were not listed internationally for open bidding, as is usually the case for international tournaments. Instead, oligarchs secured the construction projects for their privately owned construction companies. The European Championship therefore became an event that provided a massive subsidy of several billion dollars to the oligarchs, whose construction companies were presented as the only firms capable of building highways, airports, hotels, and stadiums.<sup>416</sup> Altogether the country invested in the construction of about 500 projects that were part of the infrastructure for the European Championships. These undertakings included six stadiums, 16 airports, 18 highways, and 289 hotels. The estimated cost of the construction of infrastructure was estimated to be UAH 160 billion (about €16 billion). The state paid for a large proportion of these investments; about 17 per cent came from the Ukrainian federal budget, and

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<sup>416</sup> Wellgraf, 'Die Millionengaben', 104.

another 14 per cent from communal budgets. Two thirds of the investment was expected to originate from private sources.

An additional problem was lack of transparency when it came to selecting construction companies—in particular the local companies Kievmetrobud and AzovInteks for construction of the stadiums in Kiev and L’vov. Both companies were selected by the state without prior competition. In the fall of 2008 Ukravtodor, a company responsible for city infrastructure, was hit by several corruption scandals. First the local head of Kharkiv was fired for pocketing UAH 1 million. Then in November 2008, Petro Kravshuk, the head of Ukravtodor, was fired for ignoring government regulations concerning awarding projects, but shortly thereafter was named head of the Transport Ministry. Rinat Akhmetov (the owner of Shakhtar Donetsk) and his construction company SCM, invested \$600 million in infrastructure in Donetsk.<sup>417</sup> Other oligarchs followed suit. Oleksandr Iaroslavs’kii, for example, invested \$500 million in construction ventures in Khar’kov, which included €200 million on a new airport for the city. Iaroslavs’kii had made his money in banking and in the construction business, and his construction company DCH (Development Construction Holding) was the main sponsor of Metallist. His connections to the construction business explained his investments into the infrastructure of Khar’kov, which secured Khar’kov a place as a host city for the Euro 2012 tournament. This, in turn, benefited DCH, because a major tournament like the Euro guaranteed investment by the government into the infrastructure of the host city, and therefore would provide contracts for DCH.<sup>418</sup>

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<sup>417</sup> Tetiana Katsbert, “Die Fußball-Europameisterschaft 2012 in der Ukraine: zwischen Sport und Politik“, *Ukraine-Analysen* Nr. 57, (2009) 3-4.

<sup>418</sup> *Sueddeutsche Zeitung* 19 Mar. 2009. <http://www.sueddeutsche.de/sport/fussball-in-der-ukraine-ein-oligarchisches-rundum-sorglos-paket-1.407916>, accessed 7 November 2013.

The heavy investment of Iaroslavs'kii in Khar'kov highlighted another major problem in the build up to the tournament, which was the increased competition between rival oligarchs, which, in turn, led to further transparency problems. At the centre of the conflict were the so-called clans that surround the two major oligarchs of the country: Igor' Kolomois'kii and Rinat Akhmetov. Igor' Kolomois'kii, for example, invested in the construction of a new football stadium in Dnepropetrovsk but in the end the city was scratched from the list of host cities for the European championships and Dnepropetrovsk's spot was instead awarded to Khar'kov. The case of Dnepropetrovsk illustrates some of the underlying politics of the hosting of EURO 2012. During the period leading up to the tournament, Iaroslavs'kii was part of the Donetsk clan and was even considered a close friend of Rinat Akhmetov and a supporter of the governing Partiiia Regionov. (This relationship deteriorated in late 2012 and even led to Iaroslavs'kii leaving the football business.)<sup>419</sup> It was therefore no surprise that Iaroslavs'kii's hometown Khar'kov received the right to host the tournament even though Dnepropetrovsk was the first city to have constructed a new football specific stadium in Ukraine, and had been able to do so without using state funds, and instead had used municipal as well as private funding. The city council later complained that the new stadium was constructed in accordance with UEFA regulations and that the stadium as well as the surrounding business complex was only built in order to host the European Championships.<sup>420</sup> Dnepropetrovsk also had a rich football history with a hometown team that had been one of the most successful Soviet clubs in the 1980s. Although dropped as a

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<sup>419</sup> Sundermeyer, *Tor zum Osten*, 162.

<sup>420</sup> *Kyiv Post* 15 May 2009. <http://www.kyivpost.com/content/ukraine/dnipropetrovsk-could-sue-uefa-over-its-decision-on-41486.html> accessed 4 November 2013.

host city for the European Championships, at least the arena in Dnepropetrovsk could be used in the aftermath of the European Championships, as the Ukrainian club Dnepr Dnepropetrovsk is able to fill the stadium on a weekly basis.

In L'vov, however, the situation was more difficult, as the European Championship arena had turned into a white elephant. Prior to the European Championships, the German journalist Olaf Sundermeyer travelled through Ukraine and Poland in order to highlight some of the problems that had arisen in the preparations leading up to the tournament. These can easily be compared with those that have arisen during preparations for the 2022 World Cup in Qatar, which has been in the news for its poor treatment of guest workers and low building standards.<sup>421</sup> The theme of poor construction methods and bad treatment of migrant workers also echoed through coverage of the construction process in the Olympic and World Cup host city Sochi. Some of these issues had appeared even earlier, however, in the preparations for Euro 2012. Workers in L'vov were paid by performance rather than an hourly wage or a salary. Concrete pourers, for example, were paid UAH 25 (about €2,25 at the time) per meter of poured concrete. Many workers were not paid their wages for months, and did not have the right to complain to proper arbitration courts. Payment of workers by piecework rather than fixed salaries was reminiscent of the Soviet Union. Workers also were forced to pay every fifth Hryvna to their foremen. There have, in addition, been allegations that construction companies deliberately cut corners in order to save on material costs. Despite the lower material costs and the poor wages paid to workers, many stadiums that were built for the European Championships were actually much more expensive than comparable facilities that had been built in Germany. The

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<sup>421</sup> *Sueddeutsche Zeitung* 5 Nov. 2013. 3.

construction of the new Olimpiiskii Complex in downtown Kiev, for example, cost €600 million, almost twice as much as Munich's Allianz Arena.<sup>422</sup>

The overriding problem with the construction of the new facilities in Ukraine was massive corruption. In 2014 Transparency International listed Ukraine in place 142—together with Uganda and Comoros, which made it the most corrupt country in Europe.<sup>423</sup> Material and money that were supposed to be used to construct stadiums and infrastructure in the country often disappeared into the pockets of the managers who were responsible for the construction projects. The new arena in L'viv was mostly financed through state subsidies, and to a great extent it was state officials who were the big benefactors of the 2012 European Championships.<sup>424</sup> The Arena L'viv cost €209 million to construct, an enormous amount of money for a stadium with a capacity of just 33,788<sup>425</sup>—in comparison, the Rhein-Neckar Arena in Sinsheim Germany, which was opened in 2008 and has a capacity of 30,000 and cost €60 million.<sup>426</sup> As the authorities approved the budget numbers it is clear that the Arena in L'viv, and other stadiums, were part of massive government fraud.

Furthermore, the Arena L'viv has barely been used since the conclusion of the European Championships. The most logical tenant, Karpaty L'viv, refused to use the arena because of the

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<sup>422</sup> Sundermeyer, *Tor zum Osten*, 143-144.

<sup>423</sup> <http://en.interfax.com.ua/news/economic/237633.html> accessed 10 February 2015.

<sup>424</sup> Sundermeyer, *Tor zum Osten*, 144-145.

<sup>425</sup> Kateryna Kobchenko, "Fußball und Politik in der Ukraine ein Jahr vor der Fußball-Europameisterschaft 2012", *Ukraine-Analysen* Nr. 93, (2011), 5.

<sup>426</sup> [http://www.transfermarkt.de/de/tsg-1899-hoffenheim/stadion/verein\\_533.html](http://www.transfermarkt.de/de/tsg-1899-hoffenheim/stadion/verein_533.html) accessed 6 November 2013.



high rental fees and the poor location of the stadium outside the city centre. Karpaty instead played its home games in the Soviet-era Ukraina Stadium. The arena has since become the centre of a major conflict between the ownership of the club, which is closely associated with the Partia Regionov, and the city council, which is controlled by the right-wing opposition party Svoboda. This has left one of the most expensive stadium projects in Ukraine mostly unused since the end of the 2012 European Championships.<sup>427</sup> Only in the fall of 2014 did regular football return to the arena when Shakhtar Donetsk was forced to compete in L'viv due to the conflict in the Donbass.

The European Championships in Ukraine demonstrated the dangers of hosting a global sports tournament in a post-Soviet country that has not adopted internationally transparent building policies. The preparation for the tournament also demonstrates the extent of government corruption in the country. There was no open bidding process and the oligarchs made use of state funding by directing it to their own construction companies. These companies, in turn, are often part of massive holding companies and conglomerates that somewhat resemble the old ministries of the Soviet Union. The interlocking of state and oligarchy was also evident in the preparations for the 2014 Winter Olympics in Sochi and is set to continue in the period leading to the 2018 World Cup in Russia. In many ways Ukraine leads the way for the oligarchy in Russia when it comes to exploiting the economic potential of large-scale sporting events.

#### Back to the Future: The 2018 World Cup and the Renationalization of Russian Sport Projects

Perhaps nothing better declares the return of Russia's Football Union, and to a large extent the Russian Federation, onto to the world stage than its successful bid for the 2018 World Cup.

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<sup>427</sup> *Tageszeitung*, 2 Jan. 2013. <http://www.taz.de/Stadionbau-in-der-Ukraine/!108268/> accessed 6 November 2013.

Initially Russia wanted to organize the 2012 European Championships, but, in 2005, UEFA declined any bid from Russia with the argument that Moscow did not possess the infrastructure to host major sport events. In 2008, however, Moscow proved its credentials by successfully hosting the UEFA Champions League final between Manchester United and Chelsea FC from London. After the 2008 Champions League final, the Russian Football Union announced its intention to host the FIFA World Cup in 2018.<sup>428</sup> The Soviet Union, and later Russia, had never organized a major tournament at a senior level before—in 1985 the Soviet Union had hosted the FIFA World Youth Championships, and the country had bid unsuccessfully to host the 1990 World Cup.<sup>429</sup> This time, however, the bid was destined for success as Russia expended considerable effort in order to ensure that the bidding committee would accept their offer. In late 2010, the hosts of the 2018 and 2022 World Cups were decided under a cloud of controversy as FIFA lurched from one scandal to another.

At the time, Russia's strongest rival for a World Cup bid was England. England, however, had openly criticized the corrupt practices of FIFA's leadership at a summit in 2002 because they were unhappy that Germany had been given the 2006 World Cup—even though England had made a backdoor agreement with Germany in which both agreed that England would support Germany's bid in return for Germany's refusal to bid on Euro 1996. The heads of the English Football Association rightly feared that the voting delegation of FIFA had not forgotten the criticism, and would award the tournament to Russia. The English FA, in a last-ditch attempt to win the tournament, even used political channels in an attempt to silence the

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<sup>428</sup> Sundermeyer, *Tor zum Osten*, 180-181.

<sup>429</sup> *Izvestiia*, 26 Aug. 1985. 6.

media in Britain that had been critical of FIFA, in order to stand a better chance of securing the tournament. In the end, the tournament went to Russia anyway.<sup>430</sup> It is possible that Russia's Football Union bribed FIFA officials in order to gain the tournament, yet as dubious as Russia's successful World Cup bid was, it brought the country full circle from a developing nation to a country powerful enough to host the world's largest sporting event. In the immediate aftermath of the successful bid, Prime Minister Vladimir Putin (now President) announced that Russia would invest 300 billion roubles (\$10 billion) into the infrastructure of the country. Putin also vowed that some of the major oligarchs would be investing money as well in order to ensure that the state would not be overspending on the event. Furthermore, major Russian companies promised to invest in infrastructure in order to support the Russian government's investment: In Moscow, for example, LukOil sponsored the construction of a new stadium for Spartak Moscow, a club that the oil giant owns.<sup>431</sup>

But, much like in Ukraine, the construction and re-construction of the major football stadiums by the Russian government, oligarchs, and leading companies has also created a black hole of corruption and money laundering. Since even before Russia was announced as the host country of the 2018 World Cup, stadium construction projects have met with serious difficulties. One example is the reconstruction of the former Kirov Stadium in Sankt Petersburg. A massive concrete bowl located on Krestovskii Island, this used to be the second largest sport stadium in the Soviet Union with a capacity for 74,000 spectators. In 2006 Zenit Sankt Petersburg and its owner Gazprom were faced with a ruling by UEFA that the old Petrovskii Stadium in downtown

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<sup>430</sup> Thomas Kistner, *FIFA Mafia* (München, 2012), 243-244.

<sup>431</sup> *Guardian* 5 Dec. 2010. <http://www.theguardian.com/football/2010/dec/05/world-cup-2018-russia-roman-abramovich> accessed 4 November 2013.

Sankt Petersburg did not meet international standards and would no longer be allowed to host Champions League matches from the 2010/11 season onwards. The Kirov Stadium was thereupon dismantled in 2006 and a new stadium was to be built within the old concrete bowl.<sup>432</sup> The new Zenit Arena was supposed to be completed in 2008 but complications throughout the construction period have delayed the completion of the project. At the same time costs have exploded, rising to about \$1.3 billion, and the stadium is still far from completed. It is now hoped that construction will conclude in 2017, ten years after construction at the stadium started, and just in time for the Confederations Cup that is traditionally used as a test tournament one year prior to the World Cup.<sup>433</sup>

It is now estimated that the stadium will cost about \$1.5 billion, which would make it the second most expensive sport stadium after Wembley Stadium in London. When taking the actual capacity into account, however, the Zenit Stadium will be the most expensive stadium in the world as the Wembley Stadium in London has a capacity for 90,000 spectators, whereas the Zenit Stadium will only have a capacity for 70,000. The Russian sport journalist Igor Rabiner compares the cost of the Zenit Stadium with that of the Allianz Arena in Munich, which at the time had a capacity of 70,000 spectators. The Allianz Arena cost \$469 million (€340 million) to build, which is less than a third of the construction cost of the new Zenit Stadium. Rabiner argues that it is due to the marshy ground of Sankt Petersburg that it is more difficult to build a large stadium on the Neva than it is in Munich. This, however, does not account for the

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<sup>432</sup> *St. Petersburg Times* 7 Jul. 2006. [http://www.sptimes.ru/index.php?action\\_id=2&story\\_id=18168](http://www.sptimes.ru/index.php?action_id=2&story_id=18168) accessed 7 November 2013.

<sup>433</sup> [http://www.stadionwelt.de/sw\\_stadien/index.php?head=Milliardenbau-bis-2017-fertig-gestellt&folder=sites&site=news\\_detail&news\\_id=8132](http://www.stadionwelt.de/sw_stadien/index.php?head=Milliardenbau-bis-2017-fertig-gestellt&folder=sites&site=news_detail&news_id=8132) accessed 4 November 2013.

extremely large difference in cost of the two projects: as Sundermeyer and Rabiner also point out, there is a major discrepancy between the overall cost of stadium projects in Germany and that of projects in Russia and Ukraine.<sup>434</sup> This can only be explained through bad management, poor accounting and the embezzlement of government funds. In order to salvage the construction of the arena, the government has since become involved in the construction of the stadium. Furthermore, Gazprom, the main sponsor, has since pulled out of the project and has handed full control of construction to the municipality of Sankt Petersburg. In return, Gazprom no longer receives government funding for the construction of the Okhta-Tsentr, a large business centre that includes the headquarters for Gazprom. This deal left the completion of the arena entirely in the hands of the government.<sup>435</sup> The major problem with the construction of the arena is not that Russia is inexperienced in developing new infrastructure, but that lack of transparency often accompanies construction projects in the former Soviet Union.<sup>436</sup>

There were also problems in Moscow, where the Luzhniki stadium is scheduled to host both the opening as well as the final match of the World Cup. After the announcement of Russia as the host country, Luzhniki became the centre of a power struggle as the city of Moscow reclaimed the property from Aleshin's company APS-Tsentr. The Moscow city council, under the leadership of mayor Sergei Sobianin, was able to force Aleshin to part with the majority

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<sup>434</sup> *Sport Ekspress* 4 Feb. 2011. [http://football.sport-express.ru/reviews/11289/page/1/#comment\\_form](http://football.sport-express.ru/reviews/11289/page/1/#comment_form) accessed 4 November 2013.

<sup>435</sup> *Kommersant* 29 Oct. 2010. 13.

<sup>436</sup> *Vedomosti* 7 Jun. 2012. [http://www.vedomosti.ru/companies/news/1827738/ne\\_stroitsya\\_no\\_dorozhaet](http://www.vedomosti.ru/companies/news/1827738/ne_stroitsya_no_dorozhaet) accessed 4 November 2013.

stake of the Luzhniki complex for a reported sum of €10 million.<sup>437</sup> Aleshin, who together with other family members held a 58.61 per cent stake in the shareholding company Olimpiiski Kompleks Luzhniki, had previously agreed to sell part of his shares to the city of Moscow. In December 2011, the city of Moscow issued 100,000 new shares in the complex, which further reduced Aleshin's stake in the company from 24 per cent to approximately 12 per cent. The city of Moscow claimed that this action was required in order to ensure sufficient investment in the complex prior to staging the 2018 World Cup—this investment was rumoured to be around 50 billion roubles (€1.2 billion).<sup>438</sup>

Both projects underlined a certain predicament in Russia's attempt to host a major tournament. As private investment has failed to accomplish the construction of proper facilities in Russia; the preparations for the World Cup have shown a return of privately owned facilities to the umbrella of government actors. In Moscow, the case of the Luzhniki stadium especially, calls attention to this trend. The pressure on private companies that own sport facilities and the subsequent transfer of property shows that there has been a tendency in Russia to give state enterprises or organizations close to the Kremlin more control over investment projects. The construction costs of facilities in Sochi (host of the Winter Olympic Games in 2014 and one of the planned venues for the 2018 World Cup), is exemplary for the state's involvement in major building projects in the Russian Federation. The initial budget for Sochi 2012 was set at \$12 billion but skyrocketed to the exorbitant amount of \$50 billion. Much of the funding was

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<sup>437</sup> *The Moscow News* 12 May 2011. <http://themoscownews.com/local/20110512/188660325.html> accessed 29 October 2013.

<sup>438</sup> <http://www.ceeconstruction.com/news/114631/APS-Tsentr-challenges-Luzhniki-decision-in-favour-of-Moscow-Council--shtml> accessed 29 October 2013.

supposed to originate from the private sector but funding problems forced the government to step in. In 2007 the Medvedev administration introduced a seven-year plan to guarantee that the Olympic Games would be a success and that the sporting facilities in Sochi would be finished on time. In order to facilitate construction, the Russian government founded a massive state holding company called Gosudarstvennaia Korporatsiia Olimpstoi (GKO) that combined all planning and construction processes. GKO is a very Soviet solution to the delivery of a major project. The holding company only answered to the government, and was given limitless resources by both state actors and oligarchs, all organized by the Medvedev and later Putin administrations.

But similar to the European Championships in Ukraine the Olympics became a major money-making scheme for Russia's political and financial elite. Many oligarchs, especially those close to the Putin administration, benefitted from the Olympics. Arkadii Rotenberg, who was a boyhood friend of Vladimir Putin, for example, won government contracts worth \$7.4 billion for construction projects at the Olympics. The Russian Railways Company was awarded \$9 billion to build roads connecting Sochi with several ski resorts. In addition to Olimpstoi, the Sochi project has led to the creation of several semi-government owned conglomerates that are now being tasked with the completion of the sport facilities at Sochi. *The Economist* has compared the construction of infrastructure at Sochi with that of the BAM railway in Siberia that was completed in 1988. The BAM cost the state \$36 billion and took 36 years to build. Like the Olympic games, the BAM was a gigantic state funded project that demonstrated the inefficiency of the state-run economy.<sup>439</sup> But there are important differences between the two projects, as the state's involvement during the Sochi Olympics, and the preparations for the World Cup in

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<sup>439</sup> *Economist* 13 Jul. 2013. <http://www.economist.com/news/europe/21581764-most-expensive-olympic-games-history-offer-rich-pickings-select-few-castles> accessed 5 November 2013.

Russia, points out state cronyism as oligarchs close to the Kremlin especially benefitted from receiving state subsidies. As Karen Dawisha, author of the book *Putin's Kleptocracy* writes, "more than half of the \$50 billion spent on the Sochi Olympics simply disappeared into the pockets of Putin's cronies."<sup>440</sup> As the Olympic city of Sochi will also be a host to the World Cup four years later, the nature of government involvement, and the oligarchs with close connections to the Kremlin, in the construction of the Olympic Games bodes ill for the construction of infrastructure for the World Cup in 2018.

### Conclusion

The Luzhniki Stadium serves as an introduction to the predicament of stadiums at the end of the Soviet period. The largest and most modern stadium at the time was the stage of one of the biggest catastrophes in the history of football. The reason for this disaster was poor crowd control combined with the poor condition of the facility, which was not sufficiently equipped to deal with the harsh Russian winter. The aftermath of the catastrophe also showed the inability of the Soviet authorities to admit to failure. Luzhniki was the football Chernobyl of the Soviet Union, and a symbol of the decay that had been slowly taking over sport facilities. Stadiums form the backbone of every professional sport. In the USSR they were controlled by the state. The management of sport facilities was directed, to varying degrees, by government institutions or factory unions. Dinamo Kiev, for example, received support not only from the Central Committee of Ukraine through financial and material sponsorship of its players, but also through funds which paid for the construction of sporting facilities throughout Ukraine. Football clubs rarely owned their own facilities, and it was not until Dnepr Dnepropetrovsk became an independent khozraschet enterprise that a club owned the stadium in which it played. Dinamo

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<sup>440</sup> Karen Dawisha, *Putin's Kleptocracy*, 314.



Kiev was largely dependent on the Central Committee, as the Sport Committee controlled all work done on facilities of the club. Other than Dinamo Kiev, which enjoyed direct political patronage, Ukrainian sport institutions were very much part of the Soviet planned economy. Gosplan and the Central Committee in Moscow set goals in all forms of production, which included the number of fields, and stadiums that had to be constructed in every republic. In the mid-1980s, however, as the Soviet economy ground to a halt, many of these projects could no longer meet their targets. Stadium projects slowed down and there were no longer enough facilities in major cities for children to play football.

With the introduction of the Gorbachev reforms, stadiums reflected the attempted transition of the Soviet economy. Facilities were now expected to pay for themselves, and in addition to rent revenue, also benefited from the majority of sponsorship contracts that were permitted in the Soviet Union as early as 1987. This left stadiums as independent actors in the new Soviet economy; sport was no longer regarded as an important tool of propaganda, but instead was expected to pay for itself. In the 1990s the former nomenklatura used their insider knowledge to grab the most financially valuable state properties. The way in which Aleshin took control of the Luzhniki stadium in 1991, illustrates the way in which many managers and directors were able to gain control over property simply by being in the right place at the right time. Yet throughout the 1990s, the stadium situation in Russia was a catastrophe with Moscow as the prime example of the lack of stadium planning in the Soviet Union. TsSKA's exile in 1992 and 1993 exhibited the shortage of proper sport facilities that could meet international football standards.

Similarly stadiums outside of Russia and Ukraine also experienced problems, as the case examples of Armenia and Georgia highlight. Here, stadiums were no longer seen as symbols of national pride. This was mostly due to the fact that Armenians and Georgians no longer saw club teams as ersatz national teams. The deterioration of club football also meant that the biggest clubs in the region were no longer able to attract mass audiences; as clubs such as Dinamo Tbilisi and Ararat Erevan, for example, now just played in front of a couple hundred visitors. Yet this does not mean that stadiums were no longer a source of regional pride in the post-Soviet landscape. This is especially highlighted in the example of Shakhtar's Donbass Arena. The Donbass Arena, for a time, was indeed the pride of an entire region, and can be viewed as a statement of intent by Rinat Akhmetov to grow his, and the region's political profile. Stadiums are, therefore, important symbols that transpire with political progress especially if these arenas can host sporting events such as the European Championships, the Olympics, and the World Cup.

The fact that it was not until 2000 that a Russian club began to construct a new football-specific stadium, reflects the difficulties that Russia and Russian football went through in the 1990s. Lokomotiv is still the only major Moscow-based club that has completed such a facility. This situation is supposed to be fixed through Russia hosting the 2018 World Cup. The 2012 European Championships hosted by Ukraine and Poland, however, showed that such projections may be too optimistic. Corruption and lack of transparency led to an explosion of construction costs for stadiums and infrastructure in Ukraine and, in fact, it was primarily a small elite that benefitted from the 2012 tournament. The massive holdings of the Ukrainian oligarchs have replaced the ministry-owned enterprises. Much the same could now be said of Russia, where the

construction of the Zenit Stadium in Sankt Petersburg has shown the complicated relationship between various state actors and government-owned companies such as Gazprom. It is tempting to compare the state involvement in the post-Soviet landscape with that of the Soviet Union, but as observers—such as the journalists and writers Olaf Sundermeyer and Igor Rabiner, or the historian Karen Dawisha—have pointed out, projects such as the 2012 European Championships (Ukraine), the 2014 Olympics in Sochi, and the preparations of the 2018 World Cup have seen a massive misappropriation of funds by individuals close to the state. Furthermore, in the case of Russia, this misappropriation of funds seems to be not just tolerated by the state but also sanctioned from the very top.

## **From Amateurs to Professionals: The Development of Player and Coach Contracts in the Soviet Union and the Successor States**

### Introduction

In the Soviet Union, football players were officially treated as amateurs, and players were employed by the parent organization of each football club (such as the police, military or factory). This chapter will analyse the way that the contracts of football players were managed in the Soviet Union. What rules governed individual player contracts, and who enforced these rules if they did indeed exist? How did clubs negotiate player transfers, and to what extent did the state regulate player transfers? Were clubs entitled to compensation payments if a player was transferred to another club, and, if so, what kind of compensation was paid? What do player contracts and player transfers during the time of the Soviet Union tell us about labour rights and contracts in general? What happened when the Soviet Union opened its previously closed market to corporations from the West? How were the clubs and players affected by the market changes introduced during Glasnost and Perestroika? As a consequence of the opening of the Soviet economy after 1987, many high profile players left the Soviet Union to play abroad. These transfers were set up by the agency Sovintersport, and this chapter will delineate how the Soviet government remained in control of player contracts even after players had moved abroad. What were the rules and regulations regarding foreign players in the Soviet Union? Were there any parallels between the sale of football talent to the West for capital and the sale of state assets? There are a few examples of Soviet players leaving to go abroad before the market opened in the late 1980s. What rules were in place for Soviet players who wanted to play abroad?

In addition, the chapter will outline how the market changed for professional football players when the Soviet Union collapsed in 1991. The post-Soviet states that remained as part of UEFA were then also affected by the Bosman ruling in 1995, which allowed players to leave on a free transfer once their contracts were up. The Bosman ruling had a profound impact on player transfers in Europe. The European Court ruled that players who were out of contract could leave for a new club on a free transfer, and that there could be no nationality restrictions within the European Union. Even though the European Court made the ruling, it also had an effect on the players and clubs of the former Soviet Union. The European governing body of football, UEFA, backed the ruling and changed the transfer system; clubs were forced to let players whose contracts had expired to leave on a free transfer even if the club was from a country that was not part of the European Economic Area. This change of the transfer system by UEFA, and later FIFA, had a worldwide impact on the economics of football. Conversely, European clubs could now acquire players from the former Soviet Union without having to worry about nationality limitations. Furthermore, players whose contracts were up could now leave on free transfers. The new transfer system also made it easier for the bigger clubs from Russia, and Ukraine to acquire foreign players. At first, only players from the former Soviet states moved to Russia, and Ukraine. Subsequently, in the early 1990s many players from Africa made their way to play in Russia and Ukraine in the hope that they would be spotted by clubs from Western Europe. The African players were at first brought in as cheap replacements for the local stars, who had left to play in Western Europe.

Then in the 2000s, the economy in Ukraine and Russia began to improve. Favourable taxation rules, coupled with the spending power of rich owners and corporations, meant that the

big clubs in Russia and Ukraine also began to attract big name players from Western Europe and South America. But, as we will see, Ukrainian clubs invented shady payment practices in order to cut the cost of expensive foreign talent, a practice that points out the level of corruption in the country during that period. This trend shows how large corporations, especially those from Russia, have been able to develop into internationally recognizable and desirable brands that are able to attract high calibre talent from all over the world. Players were not the only foreigners who signed to clubs of the former Soviet Union; clubs also hired managers and specialists from other countries to improve the infrastructure of football clubs. As it turned out, there was a significant shift from the late 1980s when the Soviet economy became a vast market for western capitalist clubs looking to tap a previously inaccessible market, to the 1990s when the economies of Russia and Ukraine began to improve and clubs were able to bring in cheap labour from outside the former Soviet Union, and again in the 2000s when the top Russian and Ukrainian clubs turned from sellers to buyers and attracted some of the best footballers in the world to play in Ukraine and Russia.

#### Factory Workers, and Officers: The Soviet Transfer System

Foreign players were unheard of in the top divisions of communist states in Eastern Europe. The Soviet Union was no exception, as clubs from the individual Soviet Republics mostly fielded players from their respective Republics. When Ararat Erevan from Armenia won the Soviet championship in 1973, for example, all the players on the team were Armenians.<sup>441</sup> This was not, however, necessarily true for clubs from the bigger republics, as is illustrated by the case of Spartak Moscow. Spartak had brought in players from all over the Soviet Union—most notably

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<sup>441</sup> Sudgen and Tomlinson 'Football, resentment and resistance in the break-up of the former Soviet Union', 103.

Nikita Simonian, an Armenian.<sup>442</sup> In the 1930s, Spartak was even managed by the Czech coach Antonín Fivébr.<sup>443</sup> Another exception was the Moscow based club Kryl'ia Sovetov, which in 1948 fielded two Basque players who had fled from the Spanish civil war.<sup>444</sup> There is, in addition, the almost unbelievable story of the journalist and former British serviceman James (Jim) Riordan, who claims in his autobiography *Comrade Jim: The Spy Who Played for Spartak*, that he played a league game for Spartak Moscow under a Russian pseudonym.<sup>445</sup> One further exception was the Greek player Vasilis Hatzipanagis, whose parents were communists who had fled Greece after the failed communist revolution in 1949. Hatzipanagis was born in Tashkent and played for Pakhtakor between 1972 and 1975, and also made an appearance for the junior Soviet national football team. Technically only Soviet citizens were allowed to play in the Soviet Vysshaya Liga, and for this reason Hatzipanagis became a Soviet citizen. In 1975 he left the Soviet Union to play in Greece and also became a Greek national team player.<sup>446</sup>

Players with foreign or multi-cultural non-Soviet backgrounds like Hatzipanagis, however, remained the exception. In order to play in the Soviet Vysshaya Liga one had to be a Soviet citizen. In 1982, the make up of the individual clubs, therefore, remained mostly regional, with the majority of clubs bringing up players from their own youth programs.

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<sup>442</sup> Edelman, *Spartak Moscow*, 152.

<sup>443</sup> *Ibid.* 89.

<sup>444</sup> *Ibid.* 172.

<sup>445</sup> Jim Riordan, *Comrade Jim* (London, 2008), 137.

<sup>446</sup> *Sport Ekspress* 2 Mar. 2012 [http://www.sport-express.ru/newspaper/2012-03-02/16\\_1/](http://www.sport-express.ru/newspaper/2012-03-02/16_1/) accessed at 4 February 2013.

Table 3

Club	Youth Players	Regional Players	Players from other Republics*
Dinamo Kiev (Ukraine)	3	13	1
Dinamo Tbilisi (Georgia)	8	11	0
Ararat Erevan (Armenia)	9	8	1
Dinamo Moscow	8	2	9
Spartak Moscow	6	1	10
Torpedo Moscow	2	4	10
TsSKA Moscow	0	4	13
*For Moscow clubs the numbers also included players from other cities. <sup>447</sup>			

Clubs from the Republics were more likely to integrate youth players into the senior squads of the their respective teams. Table 3 shows that clubs like Dinamo Tbilisi and Ararat Erevan put a strong focus on the development of players from their home republics. Even a big club like Dinamo Kiev did not import many players from other Republics. The Moscow-based clubs Dinamo and Spartak had good youth development systems, whereas the Army team TsSKA did not develop players but drafted them from all over the Soviet Union. As we will see later, TsSKA even used the military draft in order to obtain transfer targets and had a wide recruitment network. Torpedo's heavy reliance on players from outside Moscow can be explained by the club's status as a factory team, and many of the players were officially employed with the Moscow-based car company ZiL. In fact, regional clubs had an advantage over Moscow-based teams: in Moscow there were four major clubs competing for talent in the Soviet Vysshiaia Liga alone, and the above table did not include the First Division club Lokomotiv Moscow. Clubs like Ararat and Dinamo Tbilisi had almost no regional competition and were able to draw from the

<sup>447</sup> The Data for this table was published in *Sovetskii Sport* 24 Aug. 1982. 3.



entire talent pool of their respective Republics. This was even true for Dinamo Kiev, which had the support of the Ukrainian communist party and often poached the best players from smaller Ukrainian clubs such as Shakhtar Donetsk, Chernomorets Odessa, and Zaria Voroshilovgrad (now Luhansk).<sup>448</sup> This explains how clubs outside of Moscow could operate more or less without having to rely on their own youth systems as each could count on the talent pool of its entire region. There was no need to bring in foreign talent, since the big clubs had almost limitless resources within the Soviet Union.

Furthermore, clubs did not allow their best players to go abroad. Unlike other communist states, players did not defect from the Soviet Union. East German players, on the other hand, had defected to West Germany and played for West German clubs.<sup>449</sup> Anne Applebaum argues that East Germans were the most likely to defect to the West because of their proximity to the border, and also because East Germans did not have to adjust to a new culture and language once they crossed.<sup>450</sup> Other defections from Eastern bloc countries to the west included many members of the famous Hungarian squad that finished second in the 1954 World Cup, among them Ferenc Puskás, who defected during the 1956 Hungarian revolution.<sup>451</sup> In East Germany the Red Army had so called *Sowjetische Armeesportklubs* (Soviet Army Club, SASK) clubs that were farm teams in which players of army teams, such as TsSKA Moscow or SKA Rostov, could keep fit while on Army duty in Germany. Those clubs would often rent out their players to clubs in the

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<sup>448</sup> *Sovetskii Sport* 24 Aug. 1982. 3.

<sup>449</sup> Ulrich Hesse-Lichtenberger, *Tor!: The Story of German Football* (London, 2003), 229.

<sup>450</sup> Anne Applebaum, *Iron Curtain: The Chrushin of Eastern Europe 1944-56* (London, 2012), 457.

<sup>451</sup> *Guardian* 17 Nov. 2007. <http://www.theguardian.com/football/2006/nov/17/newsstory.sport8> accessed 16 January 2015.

East German DDR-Liga (East Germany's second division).<sup>452</sup> With the exception of the DDR-Liga, which allowed foreign players until 1984, and the Austrian Bundesliga that had one Soviet player in 1980 (see below), there were no other Soviet players playing abroad, and there were no notable attempts by Soviet players to defect to the west in spite of the fact that Soviet football players had plenty of opportunities to defect to the west when the best Soviet teams played in European tournaments. The same was true for the Soviet national team, which frequently took part in the European and World Championships. Travels abroad provided the best opportunities to defect Eastern Europe, most East German players who defected, for example, did not cross the Berlin Wall, but left their team whilst playing abroad.<sup>453</sup> This was never the case for Soviet players, mainly because the Soviet Union was also an influential member of FIFA as indicated by Viacheslav Koloskov's vice presidency of the world governing body of football in the 1980s. FIFA would therefore have banned any player who had defected from the Soviet Union to play in west. There was also another reason why players did not defect; Soviet players were on top of the social hierarchy in the Soviet Union, and they were well paid and cared for.

Soviet players were officially designated amateurs, and were assigned a profession with the parent organization of the football club for which they played. This meant that most players were registered as factory workers or officers. In the case of TsSKA and Dinamo, for example, players were officially part of the military and the Ministry of Interior respectively. Unofficially, players in the Soviet Union were full-time athletes who received a monthly salary. The top

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<sup>452</sup> Hans Leske, *Enzyklopädie des DDR-Fussballs* (Göttingen, 2007), 323.

<sup>453</sup> Hesse-Lichtenberger, *Tor!*, 229.

players in the late 1980s earned between 200 and 300 roubles a month and spent about 250 days annually in training with their respective clubs.<sup>454</sup> These salaries were small compared to what players were making in the big European leagues. Players, however, received more than just a salary: Spartak's players, for example, also received free apartments from Spartak's parent organization Mossovet (Moscow city government).<sup>455</sup> Players also received many gifts from team patrons. The patron of Dinamo Kiev, for example, was the leader of the Ukrainian Communist Party, Vladimir Shcherbitskii. Under Shcherbitskii's tutelage Dinamo Kiev developed into one of the best clubs in Europe. Shcherbitskii succeeded in luring the best players of the Ukrainian Soviet Socialist Republic (UkSSR) to Dinamo by promising players better apartments, new cars, and fur coats for their wives. Players were also allowed to go on shopping tours when they played abroad, and officials at the border would turn a blind eye when products were brought back from the west.<sup>456</sup> Players were then allowed to profit from their foreign purchases by selling them on the black market. The authorities largely ignored these black market activities, and the extra money earned ensured that Soviet players had the highest possible living standard in the Soviet Union.<sup>457</sup> With such incentives, it is clear why players from the Soviet Union resisted offers from clubs in the west, and did not defect.

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<sup>454</sup> Riordan, 'Playing to New Rules: Soviet Sport and Perestroika', 138.

<sup>455</sup> Edelman, *Spartak Moscow*, 203.

<sup>456</sup> *Segodnia*, 24 Jul. 2009 <http://sport.segodnya.ua/football/vo-vremena-cccr-v-dinamo-vce-ezdili-na-volhakh.html> accessed at 18 October 2012

<sup>457</sup> Edelman, *Serious Fun*, 179.

There was also a functioning transfer system within the Soviet Union. There were, however, no transfer fees such as in the west. Players had to submit an official application with the Technical Sports Committee of the Soviet Football Federation (FFU), and the presidium of the FFU had the right to overrule any transfers. Transfers were then published in *Sovetskii sport*. There were no transfer fees for a simple reason: Soviet players were contracted not to the clubs for which they played, but rather to the parent organizations of the individual clubs. Officially, the Soviet Union maintained a policy of free labour movement, which was even laid down in the constitution. In fact, however, normal labour was not free to move and live anywhere in the Soviet Union, for the state severely limited the movement of people in general. Soviet players were high profile cases and had enormous power in the press and also had the backing of political patrons, and for these reasons were able to exercise their constitutional rights. Transfers were arranged in the following way: A player who wanted to be transferred from team A to team B had to announce his intention to leave the club for which he was currently playing. There were many reasons why players wanted to change clubs; some examples were dissatisfaction due to a lack of playing opportunities, the offer of a better salary, incentives offered by a new club, or the belief that the player could achieve more success at a new club. Usually the new club would approach a player before requesting a transfer from the club for which he was currently playing, and, more importantly, before contacting the Technical Sports Committee which was in charge of all player transfers within the Soviet Union.<sup>458</sup> When a player asked for a transfer, the Technical Sports Committee would bring up the following issues:

How would the move affect the competitive balance? Could the team losing the player afford to let him go? Was this a case of a young player moving up to a higher

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<sup>458</sup> GARF, f. R7576, op. 34, d. 425, ll. 10-13.  
(Sport Technical Commission Transfer Sheet Dated 9 January 1984).

level of competition or of a veteran seeking a better deal from another team? What were the implications of any transfer for the international goals of Soviet soccer?<sup>459</sup>

The problem, however, was that players did not always follow the guidelines for the application process. At Dinamo Kiev and elsewhere, patrons would shower the players with gifts such as apartments, and cars to ensure that they would play for their team.

Those patrons would also ensure, by using political influence, that the Technical Committee made the 'right' decision regarding any player transfers. As we saw in the case of Shcherbitskii, some patrons had powerful positions in the Soviet party-state. They could make certain that a player's application to move to a new club would not be turned down. Once the Technical Committee had approved the decision, a player's contract had to be moved from the organization that operated club A to the organization that operated club B. For example, when V. Kruglov was transferred from TsSKA Moscow to Torpedo Moscow, the Technical Committee had to put in a request for a demobilization order from the army for the player, because the Ministry of the Interior was the organizer of the club and thus the owner of all player contracts. After the demobilization was complete, the player was free to take an official job at the ZiL auto plant, which formally allowed him to play for Torpedo. This method also worked the other way around; SKA Rostov for example acquired several players in 1984, all of these players were formally recruited as officers in the army.<sup>460</sup> This shows how much influence the organizations that acted as patrons of clubs had over the transfer activities of the clubs. It also demonstrates

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<sup>459</sup> Edelman, *Serious Fun* 179-180.

<sup>460</sup> GARF, f. R7576, op. 34, d. 425, l. 11.  
(Sport Technical Commission Transfer Sheet Dated 9 January 1984).

that amateurism was simply a front, for players were hired by organizations for only one reason, and that reason was their talent on the football pitch.

Even though the football transfer market of the Soviet Union was officially considered a free market in which a player could move to a new club without transfer fees, in reality, clubs were dependent on their patrons to sign players for them. While patrons did not have to pay fees directly to outgoing organizations, as was the case in the West, there was payment in kind in order to secure the service of a player. Patrons used their resources directly to attract players; this could include a lucrative job, or an officer's commission with the army or Ministry of Interior forces. Many kinds of favours were also exchanged between the patrons of clubs in order to guarantee the transfer of a player from club A to club B. Football clubs and their patrons even made use of so called *tolkachi*, or "pushers". *Tolkachi* were part of the Soviet shadow economy and helped companies that had to meet their targets by buying surplus material on the black market in order to obtain goods that they needed. This process was officially illegal, but commonly accepted and even discussed publicly in the press.<sup>461</sup> Later on *tolkachi* became middlemen for numerous business practices. In football, *tolkachi* were used as player agents by clubs and would try to obtain the services of a football player by showering them with gifts.<sup>462</sup> But when favours didn't work to secure a transfer target, patrons were able to use other tools.

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<sup>461</sup> Hewett, *Reforming the Soviet Economy*, 155.

<sup>462</sup> Edelman, *Serious Fun*, 181.

As explained above, army clubs would use another method to “attract” players: in 1981 the Spartak defender Vagiz Khidiatullin refused a transfer to the Red Army club TsSKA and as a result he was drafted by the army. The only way to continue his footballing career as a soldier was to play for TsSKA.<sup>463</sup> Both Dinamo Moscow and TsSKA made occasional use of this practice, and in some cases the patrons of the other clubs were able to withstand such pressure. In any case, there was a significant amount of underhanded negotiation between football clubs and players in the Soviet Union. The transfer market in the Soviet Union was, therefore, in a sense, a semi-free market in which the state could intervene at any time through various actions. Clubs used under-the-table negotiations to lure players from club A to club B, but the state, in the form of the sport committee, technically controlled all transfers. Also, certain state actors such as the Ministry of Defense or the ministries of the interior of the individual Soviet republics had significant pull over player destinations through the use of state mechanisms such as the draft to force players to play for ministry clubs. The Soviet football transfer system was a paradox: on the one hand transfers were controlled by the central authority of the Football Federation and various ministries, whereas on the other hand, players could at times exploit their market value by signing with the highest bidder.

#### The Market Opens: The Gorbachev Reforms and their Impact on Player Contracts

The lack of regulations in the transfer system caused enormous debate within the football community of the USSR. Clubs complained that there was no transparency in the rules that governed the transfer of football players from one club to another. Furthermore, smaller clubs wanted to capitalize on their own successful youth systems. Then in 1987 the market began to change. As was mentioned in chapter 2, clubs now officially became professional institutions

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<sup>463</sup> Edelman, *Spartak Moscow*, 276.

and were forced to run a profit as part of the overall reform plan introduced by Gorbachev in 1987. There was not much opportunity for clubs to make a profit because ticket prices were low, and there was not enough demand to raise them. When the economy began to struggle after 1987, attendance figures went down; in 1987, twenty-seven thousand fans attended the average Soviet Vysshaya Liga game, after which the numbers decreased steadily until by 1991 the average attendance was only about twelve thousand. In the difficult Soviet economy, Soviet citizens were simply too busy pursuing the bare necessities and had no time or money to spend on Soviet football.<sup>464</sup> Television stations refused to pay for a product that previously was aired for free. Clubs were now forced to pay for the facilities that they were using, which had also formerly been free. While clubs showed a profit in the early years, after the 1987 reform forced them to go *khozaschet*, they were not able to compete financially with the big clubs of Western Europe. Russian clubs, as a result, began to liquidate their most valuable assets, which were their players.

With the advent of professionalization it became necessary for clubs to introduce a contract structure. When Dnepr became a fully professional club, it moved swiftly to sign all of its players to three-year contracts and other clubs soon followed Dnepr's example. For the first time in Soviet history, the clubs actually owned the contracts of their players. This was one of the cornerstones of professionalization. Most clubs had very few financial assets; the bigger clubs like Spartak owned their training facilities, but smaller clubs often rented their facilities from their former parent organizations. For many clubs this left the contracted players as the only real asset that could be used as liquid capital. By 1988, however, not all clubs were

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<sup>464</sup> Edelman, 'There are no rules on planet Russia: post-Soviet spectator sport', 220.



professionalized, and, even though some clubs had signed their players to contracts, there were still no transfer fees for players who moved within the Soviet Union. In early 1989, players were still able to move from one club to another simply by applying to the technical sports committee. The rules stated that players and coaches had to have a solid reason to transfer a player.<sup>465</sup> Therefore the only way to capitalize on player transfers was by selling the contracts to clubs in the West. But as we will see, there were limitations placed on these transactions, in that the clubs themselves were not allowed to negotiate deals with clubs from the West.

The Soviet state apparatus masked the transfers as part of a move towards greater openness (*Glasnost*). In reality, the transfer of football players abroad was a way to bring in hard currency from the West, which both the state and the clubs needed in order to survive.<sup>466</sup> One of the first major transfers of a Soviet player abroad was Juventus' acquisition of Dinamo Kiev midfielder Aleksandr Zavarov. But Zavarov was not the first Soviet player to be transferred abroad: in 1980 Anatoli Sintshenko was permitted a two-year transfer to Rapid Vienna in Austria. Officially Sintshenko was part of a cultural transfer that was organized between a member of the Austrian communist party and the Soviet Union's foreign trade department, which paid Sintshenko's salary during his stay in Austria. Also, Sintshenko was over 30, which prior to 1988 was a pre-requisite for players who wanted to play abroad.<sup>467</sup> The "cultural" transfers of sport specialists were also not completely uncommon in the period before 1987. The Soviet Union frequently sent coaches to work abroad, especially to Africa.

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<sup>465</sup> *Sovetskii Sport* 18 Jan. 1989. 3.

<sup>466</sup> Vic Duke. "Perestroika in Progress?: The Case of Spectator Sport in Czechoslovakia", *The British Journal of Sociology*, Vol. 41, No. 2 (June 1990), 151.

<sup>467</sup> *Standard* 29 Apr. 2008 <http://derstandard.at/3263902> accessed at 7 February 2013.

In 1978, for example, Goskomsport signed an agreement with the Ministry of Finance of Angola to send coaches to aid the development of sporting structures in the African nation. This contract was renewed in 1982, and once again in 1988, this time between the newly set up sports agency Sovintersport (which acted on behalf of the Soviet Union) and the Angolan Ministry of Finance.<sup>468</sup> In 1987 a deal was made to transfer a Soviet football coach to Mali, in exchange for Dollars and French Francs.<sup>469</sup> Then, in 1988, Tekhnoexport (one of the many subsidiaries of Sovintersport) signed a deal with the Ministere de la Jeunesse et des Sports de la RADP of Algeria. This contract saw a multitude of football specialists transferred to Algeria. The price for each of the coaches was a one-time payment of between \$5733 and \$8763, and at least half of the payment had to be made in US dollars rather than Algerian dinars.<sup>470</sup> All of these deals were organized by an agency that would later be known as Sovintersport. Sovintersport played a significant role in what was at first a transfer of sporting specialists to abroad, but what later became a large migration of the Soviet Union's best football players. According to the Sovintersport fond at the State Archive of the Russian Federation (GARF), Sovintersport was founded as a department of Goskomsport in 1984 and was originally called the vsesoiuznoe khozraschetnoe ob"edinenie Mezhdunarodnyi sportivno-alpinistskii tsentr (all-Soviet cost accountable company "International Sport-Alpine Centre"). As described in Chapter 2, cost accountability was introduced in order to force sports organizations to become self-financing.

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<sup>468</sup> GARF, f. 10029, op. 2, d. 123, l. 1.  
(Sovintersport and the state of Angola)

<sup>469</sup> GARF, f. 10029, op. 2, d. 123, l. 140.  
(Contract between Sovintersport and the Football Federation of Mali)

<sup>470</sup> GARF, f. 10029, op. 2, d. 176, ll. 20-22.  
(Sovintersport Contract between Tekhnoexport and the Ministere de la Jeunesse et des Sports de la RADP of Algeria)

Account lists found in the archives show that in 1986-87 the company was under the direct control of Goskomsport (the State Sport Committee of the Soviet Union) but acted as a self-financed enterprise under the rules of *khozraschet*.<sup>471</sup> As a ministry, Goskomsport was not reformed under the principles of *khozraschet*, but single departments such as the International Alpine-Sport Centre became self-operating and cost-accountable. As more Gorbachev reform packages were introduced, the enterprise was no longer known as the International Alpine-Sport Centre; from April 1987 onwards it was known as Sovintersport, and remained under the control of Goskomsport.<sup>472</sup> Sovintersport was structured as a large enterprise with several sub-companies that conducted international business on behalf of Soviet clubs and Goskomsport by signing advertisement deals and also by negotiating contracts for Soviet sports specialists that were sent abroad. For Sovintersport, football became one of its largest business operations, especially when the market opened for international player transfers after 1987.

The renaming of the enterprise from International Sport-Alpine Centre to Sovintersport came right after the introduction of the 1987 Law on State Enterprise and the 1988 Law on Cooperation.<sup>473</sup> The Law on State Enterprise was the single most significant legal change, having to do with control over state property, of the Gorbachev era. The law stated that corporations and enterprises received full possession (*vladenie*), use (*pol'zovanie*), and disposition (*rasporiazhenie*), of their individual assets. Enterprises were also entitled to transfer the assets to

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<sup>471</sup> GARF, f. 10029, op. 1, d. 8, l. 7 and 31.  
(Sovintersport Account Statements)

<sup>472</sup> GARF, f. 10029, op. 2, d. 11. l. 2.  
(Sovintersport contract with Adidas)

<sup>473</sup> Barnes, *Owning Russia*, 54.

persons or other enterprises, were given permission to conduct foreign trade through ministerial foreign trade associations, and were allowed to maintain hard currency bank accounts through which to conduct international monetary transactions. The law also authorized state enterprises (as well as individuals) to form cooperatives.<sup>474</sup> Another development was foreign trade relationships between the Soviet Union and the rest of the world. In 1986 the Ministry of Foreign Trade lost most of its powers, and a couple of years later was abolished and replaced by the Ministry for External Economic Affairs. In 1988 a law was passed that allowed Soviet enterprises unregulated trade in the world market.<sup>475</sup> Goskomsport had previously dedicated a segment of its organization to international business because before the 1988 law, only departments of ministries were allowed to make deals with foreign companies. Now, however, Goskomsport was officially allowed to set up a trading company in the form of Sovintersport. For Goskomsport, Sovintersport had only one purpose, which was to create cash flow for the Soviet economy by marketing Soviet teams abroad to sponsors and to sell the best athletes to clubs in the west.<sup>476</sup>

In order to guarantee cash flow, Sovintersport was to coordinate sporting events that included Soviet athletes abroad and foreign athletes in the Soviet Union. The association took charge of all export-import operations, which included the sale of sports facilities, sports equipment, and most importantly for this chapter, athletes. Sovintersport was to take into account

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<sup>474</sup> *Ibid.* 46-47.

<sup>475</sup> Dyker, *Restructuring the Soviet Economy*, 91.

<sup>476</sup> Edelman, *Serious Fun*, 221.

market prices and demand, and to establish joint (mixed) companies and organizations.<sup>477</sup> Sovintersport also included numerous subsidiary companies that were responsible for diverse economic partnerships with the west. These subsidiaries also acted as joint ventures. These companies would negotiate with the foreign parties and then take a percentage of the transfer sum (usually between 40 and 50 per cent, but in some cases even more).<sup>478</sup> The transfer of top players, therefore, was not much different from the sale of other assets to companies in the West. An enterprise such as Sovintersport also benefited because cooperatives were taxed at a much lower rate than state enterprises.<sup>479</sup> This meant Goskomsport could keep a much larger cut of a player transfer if the player was sold through Sovintersport.

In the wake of the Soviet Union's national football team gold medal performance at the 1988 Seoul Olympics, as well as a second place finish at the 1988 European championships in Germany, Sovintersport was sitting on a football gold mine. The success of Soviet football created a market in which Soviet players suddenly were in demand in Europe, and the creation of Sovintersport and changes to trading laws meant that the Soviet Union had a previously untapped market with an abundance of football talent and was now open for business. Several players immediately made the move to play abroad and, between 1988 to 1991, all major transfers that involved the movement of a high profile player from the Soviet Union to a foreign club, in some way involved Sovintersport as well. Many player contracts regarding Soviet national team

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<sup>477</sup> GARF, f. 10029, op. 1, d. 8, ll. 1-46.

(Account statements by the Mezhdunarodnyi sportivno-al'pinistskii tsentr)

<sup>478</sup> *Sovetskii Sport* 15 Nov. 1989. 1 and 4.

<sup>479</sup> Barnes, *Owning Russia*, 55.

players who made the move abroad in 1988 are now accessible at the Russian State Archive. They give insight into how Sovintersport conducted international business, and how the company attempted to maximize profit not for the sake of the players or the Soviet clubs on whose behalf Sovintersport negotiated, but primarily for itself and the Soviet state. The first contracts signed between Sovintersport and the foreign clubs always used the same schemata, and negotiations never involved the Soviet club.

The first case study is that of the Spartak Moscow player Vagiz Khidiyatullin. His transfer to the west was negotiated between Sovintersport and the Dorna Management Group (Eastern Europe section), with the intention to send the player to play for the French based Toulouse Football Club (Toulouse FC). Dorna Management (Eastern Europe) Limited was a player agency based in Vaduz, Lichtenstein, and they basically obtained the right to negotiate on behalf of Sovintersport with Toulouse FC. Khidiyatullin was signed for 24 months in a deal that was worth 510,000 Swiss Franks per annum. Additionally, Khidiyatullin received undisclosed bonuses from the club, and was to receive a free apartment and free transport. Sovintersport, however, was able to recall the player at any point if they could provide Dorna with a replacement “specialist” of equal ability. All payments had to be made to the Bank of Foreign Economic Affairs of the Soviet Union.<sup>480</sup> The contract is an example of the kind of business dealings Sovintersport conducted with Western clubs. The company cut out the clubs for which the players were playing, and also in a sense the players themselves by negotiating for them. This meant that Sovintersport had power over the income of the players, and as we will later see the agency abused this power in the name of the state by maximizing its own profit.

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<sup>480</sup> GARF, f. 10029, op. 2, d. 176, ll. 114-123.  
(Sovintersport: Vagiz Khidiyatullin player contract with Toulouse FC)

In a similar deal to the Khidiyatullin transfer, the Soviet national team keeper and 1988 World Keeper of the Year Rinat Dasaev, was sold by Spartak Moscow to the Spanish club Sevilla for \$2 million. In this case Goskomsport took 55 per cent, Spartak received 40 per cent and 5 per cent went to the sports agency Dorna.<sup>481</sup> The money earned from the Dasaev deal was directly transferred from Dorna Management Ltd. to Sovintersport's account with the Vneshekonombank, the state Bank for Development and Foreign Economic Affairs. Sovintersport received \$300,000 on February 15, 1989, June 15, 1989, December 15, 1989, June 15, 1990, December 15, 1990, and 500,000 in a final transfer on June 15, 1991. Archive material does not, however, indicate how the money was distributed afterwards. Some reports at the time suggested that Dasaev received a salary of \$1,300 from Sevilla and also had a free car and an apartment.<sup>482</sup> This put Dasaev on a contract far below what average players were making at the time in European football. The average football player in England's top flight in 1988 earned £37,284, for example, and, even taking into account the fact that players in England may have earned more than their counterparts in Spain, Dasaev's wage was likely far below the average salary of a Spanish player at the same level.<sup>483</sup>

Dasaev at the time was 31 and had been named goalkeeper of the year in the Soviet Union for the sixth time in a row. He was also considered one of the best keepers in the world and was part of the remarkable Soviet team that finished second at Euro 1988 in Germany. Yet

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<sup>481</sup> Riordan. 'Playing to New Rules: Soviet Sport and Perestroika', 141.

<sup>482</sup> *Chicago Tribune* 18 Dec. 1989 [http://articles.chicagotribune.com/1988-12-18/sports/8802250994\\_1\\_italian-perestroika-soviet-union](http://articles.chicagotribune.com/1988-12-18/sports/8802250994_1_italian-perestroika-soviet-union) accessed 18 January 2015.

<sup>483</sup> <http://www.sportingintelligence.com/wp-content/uploads/2011/10/Annual-foot-wage-increase-since-84.jpg> accessed 18 January 2015.

his official earnings at Seville were meagre, while Sovintersport cashed in massively. After a poor performance at the World Cup 1990 in Italy, and finding himself on the bench frequently as the fourth foreigner—Spanish clubs at the time were only allowed to field three foreigners at a time—Dasaev retired from professional football in 1991. After he had disappeared from the public eye for several years, a reporter from the Russian newspaper *Komsomol'skaia pravda* finally tracked him down in 1998.<sup>484</sup> Dasaev was living in poverty in Spain, and was persuaded to return to Russia where he was greeted as a hero and has since worked in several capacities for the Russian Football Union.<sup>485</sup> The entire episode screams of foul play, for Sovintersport was able (via Dorna) to obtain the market value for the keeper from Seville, and the evidence suggests that Sovintersport pocketed the majority of the income that athletes earned abroad.

Another famous deal was the signing of Aleksandr Zavarov by the Italian club Juventus Turin. Sovintersport negotiated a deal with Juventus, which saw Zavarov earning 250,000,000 Lira (about \$ 190,000 at the time) a year. But as with Dasaev, a large portion of the deal went back to the Soviet Union. Zavarov was given an apartment, a car, and free medical treatment. He was to receive 16,800 Lira a month while staying in Italy, while the remainder of the money was transferred back to the Soviet Union as income tax and social contributions.<sup>486</sup> A large portion of the transfer fee that according to Western standards should have been given to Dinamo Kiev went to Sovintersport as well as to Goskomsport.<sup>487</sup> Only \$2 million, of the overall \$5 million,

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<sup>484</sup> *Sport Ekspres* 23 Sep. 1998 [http://www.sport-express.ru/newspaper/1998-09-23/3\\_2/](http://www.sport-express.ru/newspaper/1998-09-23/3_2/) accessed 18 January 2015.

<sup>485</sup> Jonathan Wilson *The Outsider* (London, 2012), 65-66.

<sup>486</sup> GARF, f. 10029, op. 2, d. 178, ll. 48-49.  
(Sovintersport: Zavarov's Contract at Juventus Turin)

<sup>487</sup> *Sport Ekspres* 26 October 2005 [http://www.sport-express.ru/newspaper/2005-10-26/3\\_1/](http://www.sport-express.ru/newspaper/2005-10-26/3_1/) accessed at 4 February 2013.



went to Dinamo Kiev, with the remaining \$3 million split between Goskomsport and Sovintersport.<sup>488</sup> As with the Dasaev deal, Zavarov only received a fraction of his actual salary whilst playing in Italy, though Zavarov was a bit more fortunate, as his playing career continued past the collapse of the Soviet Union, and he was therefore able to earn hard currency while playing in France until 1995.

At the time it was common practice by Sovintersport to pocket the majority of the earnings of Soviet top athletes who were competing abroad. In tennis, for example, players who competed in international competitions at the time were only allowed to retain a fraction of the prize money they won at international tournaments. Andrei Chesnokov, at the time the USSR's top male tennis player, only retained about \$10,000 to \$12,000 of the \$500,000 he won in the period between 1984 and 1989. In 1988 he won \$59,000 at a tournament in Orlando but the winnings went to the federation, which only transferred \$496 to him. Viktor Galaev, the director of Sovintersport at the time, argued that Soviet athletes were fully supported by the system: 'they get coaches, doctors, everything.'<sup>489</sup> The practice of taking money from athletes can also be found in the contracts of Soviet ice hockey players. Here, at first, Sovintersport took 97 per cent of the salary but players were later able to negotiate a deal in which they received a base salary of \$300,000, with slightly less going back to Sovintersport.<sup>490</sup> The example of ice hockey and tennis players clarifies what happened to Dasaev's salary while he was playing in Spain.

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<sup>488</sup> Riordan. 'Playing to New Rules: Soviet Sport and Perestroika', 141.

<sup>489</sup> *Sports Illustrated* 1 May 1989. 24-26

<sup>490</sup> Dawisha, *Putin's Kleptocracy*, 58.

Football was the most lucrative of all sports in terms of generating currency for Sovintersport. For the other two big team sports, basketball and ice hockey, there was only one profitable market to sell to: North America, where Collective Bargaining Agreements (CBAs) governed the leagues. In ice hockey, for example, the National Hockey League (NHL) was able to negotiate a deal with the USSR Hockey Federation, which gave the league the full rights over the players in return for a release fee of \$350,000. For the NHL this deal was essential as the Collective Bargaining Agreements of North American sports require that the full commercial rights of all its players lie with the parent organizations (in this case the league).<sup>491</sup> This meant that Sovintersport could generate relatively little money through the transfer of hockey players. Football was an attractive business model because a player's licence could be transferred to a club without the commercial rights going there as well. The lack of bargaining power on the part of the players meant that Sovintersport could sell a player's licence, but still retain the commercial rights to the player, and therefore Sovintersport would be able to cash in on the player's salary as well as on all commercial deals the player may have signed abroad. In fact, that is exactly what Sovintersport did when Sergei Rodionov was transferred from Spartak Moscow to Red Star Paris. Red Star paid \$233,334 over 24 months to Sovintersport, and Spartak Moscow was to receive commercial and advertisement deals from the club.<sup>492</sup>

This demonstrates that players were indeed part of an asset liquefaction that took place in Soviet sport in general. For the West, the Soviet Union was an untapped market and seemed to

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<sup>491</sup> As highlighted by Sergei Nemchinov's CBA contract, which he signed for the New York Rangers Hockey Club in May 1991. GARF, f. 10029, op. 2, d. 491, ll. 34-43.

<sup>492</sup> GARF, f. 10029, op. 2, d. 492, ll 270-275.  
(Sovintersport: Sergei Rodionov's contract with Red Star Paris)

possess endless sport assets. This market became hotly contested as foreign clubs, player agents, and companies, pounced to benefit. For clubs from Western Europe like Juventus, the transfer of Soviet players was not only a matter of bringing in new talent. Juventus was part of the Italian car manufacturer Fiat, which realized the marketing potential of a Soviet player. Zavarov later pointed out in an interview that Juventus was not the only club that bid for his contract and in fact he would have preferred a move to the Spanish club FC Barcelona, but Juventus had the better connection with the Soviet authorities and had also offered more money to Sovintersport.<sup>493</sup> In fact the transfer of Zavarov to Juventus became a hot topic in the Soviet sport press, which followed the fortunes and misfortunes of the player in his first season in Italy. Zavarov certainly struggled with his play in Italy, but for Juventus and Fiat the transfer had exactly the effect that they had hoped for: access to a new market.<sup>494</sup> For the Soviet Union, maintaining the commercial rights to the players also made sense, as agencies that wanted to use players for commercial deals back in the Soviet Union would have to negotiate these through Sovintersport. The Zavarov deal, in this case, was therefore a win-win situation for both sides in that Fiat hoped it would facilitate the signing of commercial agreements with Soviet agencies, whilst Sovintersport would gain compensation for any deal signed between Fiat and a third party in the Soviet Union.

In all of these dealings, it is important to remember that Goskomsport played a major role in the business conducted by Sovintersport. Officially Goskomsport was supposed to ensure that all sides would get fair treatment: that money generated through player transfers would be shared

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<sup>493</sup> *Sport Ekspress* 26 Oct. 2005. [http://www.sport-express.ru/newspaper/2005-10-26/3\\_1/](http://www.sport-express.ru/newspaper/2005-10-26/3_1/) accessed 21 January 2015.

<sup>494</sup> *Sovetskii Sport* 26 Feb. 1989. 3.

fairly between the player, the club, the sports association, and the state. Goskomsport did play a major part in lifting the restriction of player movement to clubs abroad. Koloskov stated in the Soviet sport paper *Sovetskii Sport*, which frequently acted as the official spokesman of Goskomsport and its functionaries, that players, like all citizens, had the right to freely choose whether or not they wanted to move abroad, and that it would not be the right for Soviet football to veto player transfers abroad.<sup>495</sup> In reality, however, Goskomsport, through Sovintersport, had the final say as to whether or not a transfer would be completed, and, as the Zavarov transfer showed, players also had very little say regarding where they were going to be transferred to. Hence, while Sovintersport was shown in public as a tool of perestroika and glasnost, it was in reality, a mechanism through which to accrue capital.

The big question, however, is what happened to all the money that Sovintersport generated in the period leading up to the fall of the Soviet Union. Most of the money should have gone to Goskomsport to pay for sporting infrastructure and athlete development. In fact, Sovintersport was part of a huge trading network that was operated by the state security services, and, in the tumultuous period between 1987 and 1991, it appears that agents of the interior ministries used the agency to accumulate personal profit. The connection between Sovintersport and the Ministry of Interior is highlighted by payments made in 1986 and 1987, which included transfers of funds from Goskomsport to the International Alpine Center, and then several subsequent transfers of 3000 roubles, to the MVD of the USSR.<sup>496</sup> Such financial transfers disappeared once the company was restructured to become Sovintersport. In 1988 Sergei

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<sup>495</sup> *Sovetskii Sport* 18 Mar. 1989. 3.

<sup>496</sup> GARF, f. 10029, op. 1, d. 8, l. 23.  
(Account Statements Mezhdunarodnyi sportivno-al'pinistskii tsentr).

Chemezov became the new general director of Sovintersport.<sup>497</sup> Chemezov has now built a lucrative career in business and politics. He is a deputy in the Russian Duma, in 2004 he was appointed as the chairman of the Russian export company Rosoborneksport, and in 2007 he became the chairman of Rostekhnologii, a massive holding company that combines state owned technology and car manufacturing firms such as AvtoVAZ.<sup>498</sup> The business operations of Sovintersport are typical of trading companies in the period between 1989 to 1991, when individuals used the sale of state assets to amass personal fortunes. Authors such as Barnes and Solnick believe that members of the Soviet elite took advantage of the changing economic landscape by misappropriating government funds.<sup>499</sup> There is evidence that Chemezov is one of many individuals who used this tumultuous time to accumulate wealth—some of this wealth was made through back channel deals that involved the sale of football players. Hence, Sovintersport, an agency designed to finance reform in Soviet sport, became a tool collect wealth for a selected few.

The entire trading system would not have been possible without the reform of ownership structures of football clubs. But khozraschet was not designed to help the clubs. In fact khozraschet was a process through which the state to could withdraw from subsidizing high performance sports. With the end of the Cold War, sport lost its value as a propaganda tool, as it was no longer considered important to highlight the ideological and physical superiority of the Soviet man through sport. The Soviet leadership expected not only that fans would finance

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<sup>497</sup> <http://ria.ru/spravka/20070912/78343310.html> accessed 19 January 2015.

<sup>498</sup> *The St. Petersburg Times* 12 Feb. 2008. [http://www.sptimes.ru/index.php?story\\_id=25000&action\\_id=2](http://www.sptimes.ru/index.php?story_id=25000&action_id=2) accessed 15 February 2013. and also *Gazeta.ru* 6 Aug. 2009 [http://www.gazeta.ru/politics/2009/08/06\\_a\\_3233840.shtml?incut1](http://www.gazeta.ru/politics/2009/08/06_a_3233840.shtml?incut1) accessed 16 February 2013.

<sup>499</sup> See Andrew Barnes, *Owning Russia*, 54. Steven L. Solnick *Stealing the State*, 119.

football clubs, but also that clubs would be able to run a profit that would then pay for expensive sport facilities. In addition, trade organisations such as Sovintersport were set up in order to sell the best Soviet football players to clubs in Western Europe. Khozraschet was therefore envisaged as a strategy to keep a dying economic system intact. Sport played a distinct role in the liquidation of state assets by the Soviet Union. Unlike factories, football players were relatively easy to transfer to the west for hard currency. Furthermore, Soviet football players were a sought-after commodity, whereas most Soviet industry was out-dated and therefore not sought after by investors from the West. With the fall of the Soviet Union, high performance sport was no longer a vehicle to show the world the superiority of the Soviet system, and instead became simply an asset that could be privatized and sold off to the West. This was a Janus-faced reform: on the one side, it was the dying act of the Soviet system of sports administration and on the other, it pointed forward to the coming age of privatization.

#### The Salenko Case: The Introduction of Compensation Payments

Changes to the financial structures of football clubs also had an impact on the transfer dealings between Soviet clubs and later between clubs of the Russian Federation. In 1989 Oleg Salenko moved from Zenit Leningrad (after 1991 Sankt Petersburg) to Dinamo Kiev. The Salenko case was the first transfer of a player within the Soviet Union for which a fee was paid. Salenko applied for the move, and as a free agent who wanted to move from a fringe club to the best club in the Soviet Union, he had a very good chance of having his application approved by the Technical Sporting Committee. The transfer was duly approved, and under normal circumstances Salenko could have moved to Dinamo on a free transfer. But Zenit Leningrad refused to let their best player go on a free transfer to Dinamo Kiev, and asked for a compensation payment of 500,000 roubles. The president of the Football Federation then sided with Zenit and annulled the

transfer. Officials of Dinamo were furious: they argued that the constitution of the Soviet Union allowed citizens the right to work and the freedom to choose one's place of residence. Of course they omitted the fact that Salenko and his entire family had already moved to Kiev, where the club had set him up with a brand new apartment.<sup>500</sup>

For Dinamo, Salenko was part of a strategy to acquire the best young players from all over the Soviet Union and then to capitalize on their contracts by selling them to the west. As early as 1988 the manager of Dinamo, Valerii Lobanovskii had acquired two players from Dnepr Dnepropetrovsk on a free transfer and after only one season sold them to the west. Dinamo had then taken the money and used the funds to move the club to khozraschet and to begin construction on a new training facility.<sup>501</sup> Construction of the training facility Konche-Zaspe began in 1988 and was concluded in 1991, at a cost in excess of 6.5 million roubles, much of which was paid by Dinamo's player transfers.<sup>502</sup> Both Dinamo and Salenko, therefore, benefited from this deal: Salenko believed that he would have a better chance of a transfer to big western club if he were part of Lobanovskii's team, and Dinamo saw Salenko as another cheap asset on whom they could capitalize. Lobanovskii began to treat all clubs of the Soviet Union as his personal farm teams, and since there were, at this point, no clear regulations regarding player transfers, he was free to pursue players and bring them in to Dinamo on free transfers. At that time the laws were not clear, and not all players had signed legally binding contracts. This practice was even criticized by the Ukrainian sport committee, which believed that then coach

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<sup>500</sup> Edelman, *Serious Fun*, 230.

<sup>501</sup> *Sovetskii Sport* 28 Jan. 1989. 3.

<sup>502</sup> TsDAGO, f. 1, op. 25, d. 3154, ll. 8-10  
(Construction timetable of the Knoche-Zaspe Complex)

Valerii Lobanovskii was not doing enough to foster his own youth players.<sup>503</sup> At that time, Lobanovskii was the coach of the Soviet national team as well, and the 1990 World Cup was only one year away. The 1988 European Championships had served as a showcase for the first wave of Soviet players who wanted to play abroad and the World Cup was an even bigger stage, so playing for Dinamo under Lobanovskii enhanced players' chances to be picked for this event.

Salenko's transfer, then, was a source of public debate and at the core stood the central question: how much is a footballer worth? The debate included all strata of the football community: the Trade Unions (to which Zenit was formerly associated), for example, declared that the transfer was not legal in its current form, since Dinamo was not paying enough for the service of Salenko. Also, the two Chairmen of the union believed that Goskomsport should take a more principled stand in times of economic transition for football clubs.<sup>504</sup> Dnepr's manager Evgenii Kucherevskii also spoke out against the transfer, as he believed that Zenit was not asking for enough money.<sup>505</sup> In the end Goskomsport set the transfer sum at 37,500 roubles (at the time about \$55,000), a small sum for a player of Salenko's potential.<sup>506</sup> At the time Zenit was already struggling with the economic transition that was part of the professionalization of Soviet football. Despite this Goskomsport sided with the bigger club Dinamo Kiev. At a forum on the new Football Union (see chapter 1) Kucherevskii again criticised the transfer and stated that players were given too many rights and that the youth development of football clubs should be protected

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<sup>503</sup> TsDAGO, f. 1, op. 32, d. 2131, l. 38.  
(Letter to the Party Secretary from the Ukrainian Sport Komitet 1984)

<sup>504</sup> *Sovetskii Sport* 2 Apr. 1989. 3.

<sup>505</sup> *Sovetskii Sport* 1 Apr. 1989. 3.

<sup>506</sup> *Sovetskii Sport* 5 Apr. 1989. 3.



as a part of the new charter of the Football Union.<sup>507</sup> Kucherevskii had raised a valid point: Dinamo would have easily been able to pay a larger sum for Salenko, especially after they had received foreign currency from the Aleksandr Zavarov transfer to Juventus Turin as well as from the players they took from Dnepr Dnepropetrovsk.

At the same time, however, the Salenko transfer ended Dinamo's practice of poaching free talent from across the Soviet Union. In 1990 Soviet lawyers suggested a new contract system to the Soviet football federation, and it was agreed that all players would sign contracts with their respective teams. The contracts were usually three years in length, and players were free agents after the contract expired. Previously it had been fairly simple for dissatisfied players to quit a team and to find work elsewhere.<sup>508</sup> The groundwork for the new contract system was another feature of the Gorbachev reforms. As most clubs were now independent enterprises they could sign players to individual contracts as was stipulated in the new law on cooperatives. Cooperatives operated on a limited liability basis, and were allowed to employ labour, that received a wage and working conditions that were subject to individual contracts. The new legislation allowed cooperatives to issue shares, for sale only to their own members and employees, in order to raise capital.<sup>509</sup> As we will later see, Soviet players still had greater freedom than their European counterparts, who until after the Bosman ruling in 1995 were not allowed to leave on a free transfer even if they were without a contract. The Salenko transfer was used as a benchmark for further transfers within the Soviet Union. The transfer sum was

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<sup>507</sup> *Sovetskii Sport* 13 Apr. 1989. 2.

<sup>508</sup> Edelman, *Serious Fun*, 229.

<sup>509</sup> Dyker, *Restructuring the Soviet Economy*, 95.

calculated by Goskomsport's Football and Hockey branch on the following parameters: The compensation fee for any Soviet player under contract in the Soviet Vysshaya Liga was to be 25,000 roubles. If the player was a member of the national team, the sum would be doubled. For players like Salenko the fee was increased by 50 per cent.<sup>510</sup>

After the fall of the Soviet Union, the now independent Professional League of Russia (PFL), a governing body that oversaw the top professional leagues in the Russian Federation, became the regulatory body of player transfers within Russia. In order to regulate transfers the PFL introduced a compensation scheme similar to the one that was used towards the end of the Soviet Union. Players were paid according to a formula, which included age as well as the transfer sum paid for their contract. The age factor worked in the following way: a player between the ages of 14 and 21 was given an annual salary worth his transfer sum divided by 12; for ages 21 to 24 it was divided by 10; for 24 to 27 it was divided by 8; for 27 to 30 it was divided by 5; for 30 to 32 it was divided by 3; and for ages 32 to 33 it was divided by 1. For example 23-year-old goalkeeper Ruslan Nigmatullin was transferred from KAMAZ to Spartak Moscow in the beginning of the 1995 Season. Spartak paid 363,345,600 roubles for the rights of the player, and according to the wage formula, they had to pay him an annual salary of 36 million roubles. In another example: Spartak paid 66 million roubles to Torpedo for the rights of the 30 year old defender Afanasiev, and according to the age factor he had to be paid 22 million roubles per season. The PFL also determined that contracts of youth players had to be signed by

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<sup>510</sup> Edelman, *Serious Fun*, 230.

the parents and that the club was responsible for paying school fees.<sup>511</sup> The new transfer system went along the lines of wage scales, which had previously been used in the Soviet economy. Prior to the Gorbachev reforms, wages in state industries and sovkhozy were generally determined by a six-tiered wage scale that was linked to skills, as well as numerous gradations for difficulty, conditions, and location of work. Soviet planners used gradation in order to influence the movement of labour throughout industries and regions.<sup>512</sup>

The introduction of this new transfer system after the fall of the Soviet Union demonstrates the state of Russia's reform in the early 1990s. As the former Prime Minister of Russia Yegor Gaidar points out in his book *State and Evolution*:

By the end of 1991 we had a hybrid market - part bureaucratic, part economic (the former still dominant). And thanks to fundamental legal ambiguity on property rights, nomenklatura capitalism was all but complete. Pseudostate capital activity reigned. In politics we also had a hybrid: a combination of Soviet and presidential forms of rule, a post-Communist but pre-democratic republic.<sup>513</sup>

In the early 1990s, Russia was still operating on a combination of wild capitalism and the old bureaucratic principles of the Soviet Union. The football transfer system was a perfect example. Players were paid salaries and clubs received transfer sums, but at the centre of all player transfers was still a bureaucratic and highly regulating market authority, in the case of football, the PFL. The PFL used a complicated market formula to calculate wages and transfer sums, a system very reminiscent of the old Soviet Union. In the case of football it took outside forces to de-regulate the market: In 1995 Europe's transfer system underwent a massive overhaul. This was due to a series of court cases between 1990 and 1995, which ended in the Bosman ruling.

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<sup>511</sup> *Izvestiia* 1 Apr. 1995. 4.

<sup>512</sup> Hewett, *Reforming the Soviet Economy*, 131

<sup>513</sup> Yegor Gaidar, *State & Evolution* (Seattle, 2003), 88-89.

The Bosman ruling, and the rulings that followed the Bosman case, will be subject to further discussion later in this chapter. As the market changed worldwide, Russian football was forced to adapt and change its transfer policies.

### The Big Migration: How the Fall of the Soviet Union Changed the European Football Labour Market

A consequence of the fall of the Soviet Union was that organizations that controlled the export of Soviet talent to the West lost their hold. Organizations such as Goskomsport were split up, and because the old Football Federation of the USSR was no longer a functioning body, it was unable to maintain control over the export of Soviet players to the West. Without Soviet export market regulations, clubs of the former Soviet Union were now more or less free to sell their most talented players to the highest bidder. As stated above, this was only the case for players who were transferred abroad—within Russia the market remained highly controlled—and for this reason it became all the more lucrative for clubs to sell their players abroad. Also, with most post-Soviet economies in peril, players realized that there was a huge economic advantage to be gained by playing in the West. The end of the Soviet Union marked the end of labour regulations that in the past had prevented the movement of highly talented football players from this economic periphery to the economic core. As Matthew Taylor, author of *Global Player? Football, Migration and Globalization, c. 1930-2000* writes:

Weak national economics and financial crises have often worked to ‘push’ players out while, on the ‘pull’ side, the wealthiest European leagues, in particular, have been able to offer unrivalled financial rewards.<sup>514</sup>

Clubs in the West were the big beneficiaries of the fall of the Soviet Union, yet at this point most of Western Europe still had regulated football markets. When the USSR fell, its players who

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<sup>514</sup> Taylor, ‘Global Players? Football, Migration and Globalization, c. 1930-2000’, 16.

were under contract were now able to move to clubs in the West for very little money, while Russian regulations allowed players from the former Soviet Union whose contracts were up to leave on a free transfer. The new market conditions generated a massive player migration from the former Soviet Union: approximately one thousand football players left the former USSR in the period between 1988 and 1996. Some players ended up with the better clubs in Western Europe. But players also left to play in China, Australia, the United States, and even Hong Kong. About forty players ended up playing in Israel, and thanks to a large Russian community and salaries of about \$100,000, integration was fairly easy for the Russian players.<sup>515</sup> This migration was even further accelerated when the Bosman ruling liberalized the European player market in 1995.

The Bosman Ruling is named after the Belgium football player Jean-Marc Bosman. Bosman went in front of the European Court of Justice after he was not allowed a free transfer from the Belgian club FC Liege to the French club Dunkirk in 1990. The Belgian club had used the Belgian player evaluation formula, a formula that was very similar to the one used in Russia, which determined that he was worth £500,000. Not surprisingly, Dunkirk refused to pay and Liege cut Bosman's wage by 75 per cent. Bosman argued that as a footballer he had the same rights as any other normal labourer in Europe, and that he could move to Dunkirk as a free agent.<sup>516</sup> By 1991, teams within UEFA were allowed to field three non-nationals as well as two additional players who had been nationalized or assimilated by being within the country

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<sup>515</sup> *Spiegel* 10 Jun. 1996. <http://www.spiegel.de/spiegel/print/d-8934012.html> accessed 13 February 2013.

<sup>516</sup> *Independent* 21 Sep. 1995 <http://www.independent.co.uk/sport/who-is-jeanmarc-bosman-1602219.html> accessed at 11 February 2013.

continuously for five years. UEFA had reached a gentleman's agreement with the European Commission that football would operate under separate rules within the labour laws of the European Union. The court judged that sport, as a business, had to comply with the labour laws imposed by the European Commission and that compensation payments for players without contracts and nationality restrictions on EU citizens were in direct contradiction to European law.<sup>517</sup> At that point, the Bosman ruling had little effect on Russian players, since European clubs could put restrictions on players from states outside the European Union. Some countries, however, used the new ruling to liberalize their market even further. In Germany, for example, the German Football Association (DFB) expanded the right to play football in Germany's top two divisions to the extent that no player would be considered a foreign, who was a citizen of one of the fifty-one member states that were part of UEFA at the time.<sup>518</sup> Other countries maintained restrictions on non-EU members, and as a result, Germany became one of the main markets for players from the former Soviet Union.

Then in 2005, another ruling further liberalized the European football market. In 2005 the Russian player Igor Simutenkov sued his club Union Deportivo Tenerife. Simutenkov was registered as a non-EU player with the club—only three players with his status were allowed to play for the team at one time. Simutenkov, however, argued that because the Russian Federation had signed a labour agreement with the EU, he had the same rights as EU players. The court then ruled that any Russian (or any non-EU citizen for that matter) legally employed within the European Union had the same labour rights as EU citizens. The case banned all discrimination

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<sup>517</sup> Goldblatt, *The Ball is Round*, 692.

<sup>518</sup> Alexander Brand, and Arne Niemann, 'Europeanization of German football', in Alan Tomlinson, and Christopher Young (ed.), *German Football: History, Culture, Society*, (London, 2006), 129.

against non-EU citizens who had a labour contract in the EU.<sup>519</sup> Players from the former Soviet Union, therefore, had to wait almost ten years after the Bosman ruling before they were given the same labour rights within the European Union as EU citizens.

The Simutenkov ruling was significant in that it created a football labour market within Europe that, because it was completely open regardless of citizenship, was an even greater draw for future transfers. Simutenkov's case exhibits the effect that the fall of the Soviet Union had on the European football market: Simutenkov, as a Russian citizen, would not have been able to play in Western Europe without the Gorbachev reforms and the subsequent fall of the Soviet Union. Now, as a player from a non-EU country, he challenged the system that was in place, and was able, through his court ruling, to open the European football market even further. In fact, many of the changes to the European football market came with the advent of the Gorbachev reforms in the Soviet Union and were even accelerated when the Union collapsed. A main reason for this was the changing dynamics within UEFA which became more powerful through the influx of new member states, but also significant was the liberalization of the post-Soviet football market, which now flooded Europe with talent that had previously been unavailable. This migration of football talent put immense strain on existing economic rules, and ultimately meant that Europe's existing transfer model would bend to the new labour realities.

The rulings of the European Commission also had a global impact in that they changed the way transfers were handled worldwide. It became clear that Bosman did not only affect Europe, but was a case that led to the revision of the entire football transfer system. Transfers of

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<sup>519</sup> Robin C. A. White, 'Free movement of persons in sport', in Barbara Bogusz, Adam Cygan, and Erkia Szyszczak (ed.), *The Regulation of Sport in the European Union*, (Northampton, 2007), 41.

football players were now perceived as normal business activities that had to be regulated in accordance with competition law. Within the European Union, football federations were required to completely follow the new rulings. In 2001, FIFA put in place transfer regulations that included all member states. These regulations helped to improve the stability of player contracts, and a newly introduced system of training compensations for players under the age of 24 encouraged clubs to train their own youth players. They were introduced in accordance with the European Commission and became standard procedures worldwide.<sup>520</sup> Indeed, in Russia as well, the transfers of football players became deregulated in the sense that the above mentioned player-contract evaluation system was abolished. UEFA member states were forced to submit to the rulings of the European Commission—a clear demonstration of the economic influence of the European Union beyond its borders.

But the EU's power did not extend to non-member states regarding the removal of limitations on foreign players used on the field. In 2003, the Russian Premier League reacted to the ever-increasing influx of foreign players into Russian football by limiting the number of foreign players who were allowed to play within the Russian Premier League. Previously, there had been no limitation rules in Russian football. As the clubs began to sign increasing numbers of cheap labour from smaller republics of the former Soviet Union, South America, and Africa, however, the Russian Football Union felt compelled to react. The federation, at the time, felt that clubs were not doing enough to develop young Russian talent for the national team. The new rule introduced in 2005 stated that teams were allowed to field only a maximum of five foreign

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<sup>520</sup> Brand, and Niemann, 'Europeanization of German football' 133.



players at the same time.<sup>521</sup> Similar rules have been implemented in Ukraine, in which the number of foreign players has been limited to seven.<sup>522</sup> Although they were members of UEFA, Russia and Ukraine were in an advantageous position to change the rules: the two countries were not members of the European Union, and therefore did not have to agree to the part of the Bosman Ruling that guaranteed free movement for foreign labour. But, as we will see later, the new rules have done little to diminish the influx of foreign players to Russia.

#### Import-Export: The Former Soviet Union as Showcase for the West

After 1988 many of the top Russian and Ukrainian players left the Soviet Union to play in the West. This migration became even more extensive after the collapse of the Union in 1991. Russian and Ukrainian clubs, however, were not simply exporting. The Ukrainian and Russian Premier Leagues also became prime destinations for players from smaller countries of the former Soviet Union. Because the new domestic leagues of these now independent states were not competitive, the top players from Georgia, Armenia, Belarus, Uzbekistan and Azerbaijan began to migrate in order to play in Russia and Ukraine. In Russia and Ukraine, those players filled the gaps left by the migration of their top players to the West. Clubs from the newly independent republics that had strong youth development systems in the time of the Soviet Union, found it difficult to keep their best players after the fall of the Soviet Union. One such example is Dinamo Tbilisi, which had to sell its best players to Russia and Ukraine in order to stay afloat financially.<sup>523</sup> When clubs from smaller countries could no longer offer their best players top football and financial wealth, the players started to relocate. As players of Russian or Ukrainian

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<sup>521</sup> *Telegraph* 15 Oct. 2003. <http://www.telegraph.co.uk/sport/football/european/2423334/Russia-to-put-a-limit-on-foreign-players.html> accessed 19 February 2013.

<sup>522</sup> *Terrikon* 21 May 2007 <http://terrikon.com/posts/4432> accessed 19 February 2013.

<sup>523</sup> *Izvestiia* 7 Feb. 1995. 8.

clubs, those top players were more likely to be discovered by the biggest clubs in Western Europe. In addition to the players brought in from the former Soviet states, Russian and Ukrainian clubs also tapped a new source when they began to open their doors to players from Africa.

The connection between Africa and the Soviet Union goes back to the period of decolonization in the 1960s. The Soviet Union provided aid that helped set up the Confederation Africaine de Football (CAF) and also was instrumental in the creation of the Coupe d'Afrique des Nations (CAN). But as stated above, the Soviet Union was a closed labour market, and players from abroad rarely played in the Soviet Vysshaya Liga. The USSR even encouraged African nations to keep their best players within their respective home countries. Until 1981, countries were only allowed to field players for the CAN who had not played abroad. For an African player, the Soviet Union was by no means a top address; instead, players preferred a move to European countries with which they had strong colonial ties like France and Belgium.<sup>524</sup> In spite of the limitations mentioned above, the Soviet Union did have some influence on African football. Soviet coaches worked in countries that were friendly with the Soviet Union, as part of the USSR's African aid program. In 1986, the USSR spent \$26 billion on foreign aid, much of it in Africa.<sup>525</sup> In the 1980s the Soviet Union also spent 2.5 million roubles on sport aid programmes in Africa, Asia and Latin America, which was more sports aid than that of any other country. In addition, the Soviet Union sent specialists to work in developing countries, and by 1980, Soviet coaches worked with national teams in over 30 developing countries. The Soviet

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<sup>524</sup> Poldi, 'Migration and Trade of African Football Players: Historic, Geographical and Cultural Aspects', 396-397.

<sup>525</sup> *Guardian* 25 May 2011 <http://www.guardian.co.uk/global-development/2011/may/25/russia-foreign-aid-report-influence-image> accessed at 7 February 2013.

Union also offered seminars and courses to coaches from third world countries at the Moscow Physical Culture Institute.<sup>526</sup>

In 1989 the first division club SKA Rostov became the first club to apply to the Sport Committee to bring in players from Africa. The Rostov coach, B. Bodarenko, had spent time coaching the Mozambique club CD Matchedje de Maputo. Bodarenko wanted to bring in several players from his former club and he believed that such a transfer would be possible since Mozambique was an ally of the Soviet Union and Matchedje, like SKA, was an army team. Bodarenko proposed that the players would officially go on a military exchange to the Soviet Union and as part of the exchange play for SKA Rostov. At that point, the Soviet Union did not allow foreign players in the Soviet league.<sup>527</sup> But just two days after the Bodarenko interview, Goskomsport changed the rules regarding foreign players and made it possible for every club to field two non-Soviet citizens.<sup>528</sup> The transfer of the Mozambican players to SKA was never confirmed in the press and it can, therefore, be assumed that it never took place. Another team, however, the newly promoted SKA Pomir Dushanbe from the Tajik Soviet Socialist Republic (TSSR), signed three African players, Derby Mankinka, Wisdom Chansa and Richard Mwanza from Zambia. All three only played a handful of games in the USSR and left shortly thereafter, but they were the first foreign players signed from abroad to play in the Soviet Vysshaya Liga.<sup>529</sup>

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<sup>526</sup> Jim Riordan, 'The Role of Sport in Soviet Foreign Policy', *International Journal*, Vol. 43, No. 4 (Autumn, 1988), 580-581.

<sup>527</sup> *Sovetskii Sport* 8 Feb. 1989. 1.

<sup>528</sup> *Sovetskii Sport* 11 Feb. 1989. 1.

<sup>529</sup> *When Saturday Comes* Jan. 2001.

[http://www.wsc.co.uk/index.php?option=com\\_content&view=article&id=3501&Itemid=29](http://www.wsc.co.uk/index.php?option=com_content&view=article&id=3501&Itemid=29) accessed at 8 February 2013.

The contacts between African countries and the periphery of the Soviet Union were often used by the state for propaganda value. Athletes from regions such as Tajikistan were more often sent to foreign missions to demonstrate the development of peripheral regions under socialism.<sup>530</sup> The three Zambians were, therefore, part of a program that was used to demonstrate both the openness of Soviet reforms and the success of a club from the periphery to friendly third world countries.

After the fall of the Soviet Union and the mass exodus of the best Soviet players to the west, former Soviet clubs were now looking to replace the lost talent. Clubs in Russia and Ukraine were now the main importers of players from all over the former Soviet Union, and even big clubs like Spartak Moscow in Russia and Dinamo Kiev in Ukraine were now also relying on talent brought in from further afield. This makes sense in terms of migration patterns: as the best players of the former Soviet Union were moving from the economic periphery to the economic centre, clubs were looking to replace the missing talent with players from economic areas that were even weaker than the former Soviet Union. Africa, therefore, became a logical talent pool for clubs of the former Soviet Union. Coaches were able to use the expertise that they gained from working abroad to find talent in Africa.

Then clubs discovered a new source of players—South America. The first Brazilians to play in Russia were Luis Andre da Silva and Junior Mario Dos Santos, who signed for Lokomotiv Nizhny Novgorod in 1995.<sup>531</sup> Brazilians, just like the players from Africa, had the

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<sup>530</sup> Riordan, 'The Role of Sport in Soviet Foreign Policy', 581.

<sup>531</sup> *When Saturday Comes* Jan. 2001.

economic advantage of being extremely cheap labour. Alex Bellos has outlined the reasons why clubs from all over the world make use of cheap Brazilian players. First of all, there is an almost endless supply of professional Brazilian football players. Brazil is home to 23,000 professional players in 500 clubs, and over 90 per cent of the players earn less than £100 a month. Many of the Brazilian clubs are designed as talent factories that are focused on selling players abroad. With salaries so low, it is easy to understand why Brazilians made their way to Russia, where at even a small club like Nizhny Novgorod, they would earn significantly more than they would in Brazil.<sup>532</sup> There was, however, another factor drawing players to Russia: players from Africa and South America were also coming to Russia in the hope that they would be spotted by one of the big clubs in Western Europe. The idea was simple: clubs from the former Soviet Union would try to bring in relatively cheap talent from economically weak markets, and the players would then have the chance to compete in a European league and European competitions. With a little luck, a South American or African player would then be spotted by a big club from the West and sold at a profit.

Fans, however, did not always see the purchase of players from South America and Africa in a positive light. In 1999, for example, Sheriff Tiraspol hired a Nigerian player with the name of Edward Anyamkyegh. Anyamkyegh came to Moldova with the hope that he would be spotted by one of the big clubs in Western Europe, or at least by a club from Russia and Ukraine where he could participate in the lucrative European competitions. Anyamkyegh was part of a new trend that started to develop in the late 1990s: just like the bigger clubs in Russia and Ukraine before them, smaller clubs from fringe countries like Moldova looked to Africa to

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<sup>532</sup> Bellos, *Futebol*, 23.

replace the local talent that had left Moldova to play in Russia and Ukraine. But the big Eastern European clubs soon also bought those players. It seemed like a great deal when an agent from Moldova offered the Nigerian forward Edward Anyamkyegh for \$500,000 to Karpaty L'vov. Anyamkyegh was young and had played for Nigeria's under-17 team. The young Nigerian, however, only saw L'vov as a stepping stone to the west, and was not used to the rough Ukrainian game and the harsh winters of the Carpathian Mountains. Also, L'vov is the centre of Ukrainian nationalism. In Soviet times many L'vovians looked east at the cities of Kiev, Donetsk, Khar'kov and Odessa, and resented the fact that Russians were mixing with Ukrainians. With the fall of communism, Ukrainians began a project of cultural and national regeneration and as a result many Jews and Russians were bullied into speaking Ukrainian rather than Russian.<sup>533</sup>

When Anyamkyegh arrived in Ukraine, the joy of freedom had for Ukrainians begun to feel commonplace and the project of Ukrainian re-nationalisation had stalled. Many Ukrainians felt their country was a plaything of the great powers: the Russians, the EU, and the Americans. Now they also had to import Nigerians to improve the game in Ukraine, and for many Ukrainians this felt like a humiliation. For many in L'vov, the purchase of Anyamkyegh, therefore, became the symbol of national shame. Under these circumstances it is hard to imagine that he and his Nigerian colleagues would ever be fully integrated into Ukrainian society or clubs. In fact, a large majority of African players have struggled to make an impact in Ukraine,

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<sup>533</sup> Foer, *How Soccer Explains the World*, 157-158.

and Karpaty is still one of many mediocre clubs in the Ukrainian football league.<sup>534</sup> Anyamkyegh is not the only African player who has had this sort of experience: many African players who come to Ukraine and Russia today are confronted with racism, nationalism, and xenophobia. Nonetheless, clubs continued to purchase players from abroad. In fact, as the economy stabilized in the early 2000s, they focused even more on foreign talent; the only difference was that it was no longer fringe players that were the transfer targets of the big Russian and Ukrainian clubs.

#### How the New Aristocracy of Russia and Ukraine Bought Europe's Biggest Football Talent

As the oligarchs started to take over the biggest clubs in Russia and Ukraine, they also influenced the world transfer market. In the 2000s especially, the big clubs in Russia and Ukraine also became big spenders (see tables 2.1 and 2.2). The major spending began in the 2003-04 season, and this is indicative of a real shift in which clubs changed from being sellers to buyers. In the summer of 1999, Andrei Shevchenko became the most expensive player of the former Soviet Union when he was sold for \$25 million to AC Milan.<sup>535</sup> That year, Dinamo Kiev reached the semi-final of the UEFA Champions League, with a squad that was mostly developed in their own youth academy. Clubs from Western Europe bought up most of those players, including Shevchenko. Then, in the early 2000s, clubs in Russia and Ukraine started to spend. This trend became especially apparent during the 2005-06 transfer period. As the leading Russian and Ukrainian players moved West, they were replaced by players from South America and, for the first time, players from southern Europe.

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<sup>534</sup> *Ibid.* 157.

<sup>535</sup> *Corriere della Serra* 22 Mar. 2004.  
[http://archiviostorico.corriere.it/2004/marzo/22/Milan\\_stravince\\_prezzi\\_saldo\\_co\\_9\\_040322057.shtml](http://archiviostorico.corriere.it/2004/marzo/22/Milan_stravince_prezzi_saldo_co_9_040322057.shtml) accessed 21 January 2015.

In 2005 Dinamo Moscow, for example, had nine Portuguese-speaking players on the books, including Tiago, Derlei, Cicero, Maniche and Costinha, with the last two purchased for the staggering sums of £15 million and £16 million respectively. During the same season, Spartak Moscow outbid teams from Southern Europe for the service of one of Argentina's most brilliant talents, Fernando Cavenaghi, who was purchased for £8 million. In 2006, Lokomotiv Moscow signed the first British player when they completed the transfer of the Scottish national team player Garry O'Conner.<sup>536</sup> By 2005, the average club in the Russian Premier League had more foreigners under contract (11 to 12) than the clubs of England, France, Germany, Spain or Italy.<sup>537</sup>

Table 4.1

Club	Balance 07/08*	Balance 06/07	Balance 05/06	Balance 04/05	Balance 03/04
<b>Russia</b>					
Zenit Sankt Petersburg	€1,050,000 €	-€34,125,000	€1,150,000 €	-€4,350,000	-€1,450,000
TsSKA Moscow	-€6,000,000	-€5,100,000 €	-€4,550,000	€2,850,000	-€15,850,000
Spartak Moscow	-€7,350,000	€5,080,000	€1,000,000	-€26,950,000	-€7,250,000
Rubin Kazan	-€15,800,000	€700,000	-€1,000,000	-€3,600,000	-€4,150,000
Anzhi Makhachkala	€0	-€215,000	€0	€75,000	€200,000
Dinamo Moscow	-€12,750,000	€22,275,000	-€57,250,000	-€19,850,000	€2,700,000
Lokomotiv Moscow	€7,450,000	-€13,900,000	-€17,750,000	-€7,600,000	-€5,250,000
<b>Ukraine</b>					
Shakhtar Donetsk	-€4,900,000	€12,730,000	-€13,160,000	-€35,110,000	-€20,740,000
Dinamo Kiev	-€8,630,000	€250,000	-€4,400,000	-€7,500,000	-€17,025,000
Source: Transfermarkt.de <sup>538</sup>					
*Until 2011 the Russian season ran from Spring to Fall. For simplification the transfer balances are					

<sup>536</sup> <http://news.bbc.co.uk/sport2/hi/football/teams/h/hibernian/4752964.stm> accessed 18 February 2013.

<sup>537</sup> Riordan, 'Football: Nation, City and the Dream. Playing the Game for Russia, Money and Power', 554-555.

<sup>538</sup> Data accessed from: [http://www.transfermarkt.de/de/premier-liga/transferentwicklung/wettbewerb\\_UKR1.html](http://www.transfermarkt.de/de/premier-liga/transferentwicklung/wettbewerb_UKR1.html), accessed 12 February 2013. and [http://www.transfermarkt.de/de/premier-liga/transferentwicklung/wettbewerb\\_RU1.html](http://www.transfermarkt.de/de/premier-liga/transferentwicklung/wettbewerb_RU1.html), accessed 12 February 2013.



calculated along the lines of the European season, which runs from Fall to Spring.

As indicated in table 4.1, Ukrainian clubs were still outspending their Russian counterparts, but, fuelled by new owners, the Russian clubs were catching up fast. The example of Shakhtar Donetsk is perhaps the most telling. In the last ten years the club has specialized in combining the best Ukrainian players with highly talented players from South America. The philosophy of the club was simple, and thanks to continued success in the Champions League, the club could offer the best talents from Brazil a first step into Europe, with the prospect of being discovered by a big Western European club.

Table 4.2

Club	Balance 12/13	Balance 11/12	Balance 10/11	Balance 09/10	Balance 08/09
<b>Russia</b>					
Zenit Sankt Petersburg	-€102,010,000	-€15,100,000	-€41,400,000	-€8,600,000	-€28,500,000
TsSKA Moscow	-€22,500,000	€1,700,000	-€2,900,000	€8,410,000	€20,800,000
Spartak Moscow	-€24,700,000	-€16,150,000	-€21,100,000	€10,350,000	€6,800,000
Rubin Kazan	-€24,500,000	-€14,750,000	-€27,450,000	-€11,750,000	-€12,850,000
Anzhi Makhachkala	-€51,400,000	-€58,100,000	-€31,200,000	-€550,000	€30,000
Dinamo Moscow	€7,800,000	-€29,500,000	-€650,000	-€15,600,000	€27,600,000
Lokomotiv Moscow	-€11,300,000	-€14,500,000	€12,700,000	-€7,200,000	-€15,140,000
<b>Ukraine</b>					
Shakhtar Donetsk	€15,760,000	-€5,230,000	-€21,450,000	€26,185,000	-€2,783,000
Dinamo Kiev	-€33,976,000	-€1,500,000	-€17,445,000	€6,450,000	-€10,550,000
Source Transfermarkt.de <sup>539</sup>					

<sup>539</sup> All data was accessed from these pages: [http://www.transfermarkt.de/de/zenit-st-petersburg/transfers-alle/verein\\_964.html](http://www.transfermarkt.de/de/zenit-st-petersburg/transfers-alle/verein_964.html), accessed 12. February 2013.  
[http://www.transfermarkt.de/de/zska-moskau/transfers-alle/verein\\_2410.html](http://www.transfermarkt.de/de/zska-moskau/transfers-alle/verein_2410.html), accessed 12. February 2013.  
[http://www.transfermarkt.de/de/spartak-moskau/transfers-alle/verein\\_232.html](http://www.transfermarkt.de/de/spartak-moskau/transfers-alle/verein_232.html), accessed 12. February 2013.  
[http://www.transfermarkt.de/de/rubin-kazan/transfers-alle/verein\\_2698.html](http://www.transfermarkt.de/de/rubin-kazan/transfers-alle/verein_2698.html), accessed 12. February 2013.  
[http://www.transfermarkt.de/de/anzhi-makhachkala/transfers-alle/verein\\_2700.html](http://www.transfermarkt.de/de/anzhi-makhachkala/transfers-alle/verein_2700.html), accessed 12. February 2013.  
[http://www.transfermarkt.de/de/lokomotiv-moskau/transfers-alle/verein\\_932.html](http://www.transfermarkt.de/de/lokomotiv-moskau/transfers-alle/verein_932.html), accessed 12. February 2013.  
[http://www.transfermarkt.de/de/shakhtar-donetsk/transfers-alle/verein\\_660.html](http://www.transfermarkt.de/de/shakhtar-donetsk/transfers-alle/verein_660.html), accessed 12. February 2013.  
[http://www.transfermarkt.de/de/dynamo-kiew/transfers-alle/verein\\_338.html](http://www.transfermarkt.de/de/dynamo-kiew/transfers-alle/verein_338.html), accessed 12. February 2013.

This explains Shakhtar's transfer numbers: the club has spent enormous sums in transfer fees in the past ten years, but has also managed to rake in a profit in 2007, 2010 and 2012. In fact, the club managed to make a profit of €12,482,000 in the five years leading up to 2012. The result, as indicated in table 4.3, is that of all big clubs in the former Soviet Union over the past ten years, Shakhtar has produced the smallest transfer deficit, and at the same time has developed into the best club of the former Soviet Union. In some ways Shakhtar still pursues the old maxim of buying talented players from South America for a relatively low price, and selling them at a higher price. But over the last ten years there has been a shift from purchasing talented South Americans in their twenties to acquiring young Brazilians who are under twenty and can be developed into star players.

**Table 4.3**

Club	Ten Year Balance
<b>Russia</b>	
Zenit Sankt Petersburg	-€233,335,000
TsSKA Moscow	-€23,140,000
Spartak Moscow	-€80,270,000
Rubin Kazan	-€115,150,000
Anzhi Makhachkala	-€141,160,000
Dinamo Moscow	-€75,225,000
Lokomotiv Moscow	-€72,490,000
<b>Ukraine</b>	
Shakhtar Donetsk	-€48,698,000
Dinamo Kiev	-€94,326,000
Source: Transfermarkt.de	

In Russia, the most fascinating development has been the transfer of financial power from the core (Moscow) to the periphery (the provincial capitals), which is evident in the overall spending of clubs such as Zenit Sankt Petersburg, Rubin Kazan and briefly Anzhi Makhachkala. As we will later see in Chapter 5, Zenit's transfer activities are a part of Gazprom's global sport

marketing strategy, of which Zenit is the cornerstone. The transfer activities of the clubs from Russia and Ukraine reflect the influx of new cash from the current oligarchy that owns the biggest clubs in the two countries. The oligarchs conduct themselves in ways not unlike the old aristocracy in tsarist Russia. As mentioned in Chapter 2, owners see football as a means to sharpen their profile in politics and business. Russian clubs also have a huge advantage when it comes to taxation: in Russia football players are considered artists and only pay a minimal tax of 13 per cent on their salary.<sup>540</sup>

The favourable taxation system has helped clubs to sign some of the best talent: one example is the signing of the Cameroonian striker Samuel Eto'o from the Italian club Inter Milan by Anzhi Makhachkala from Dagestan in 2011. At Anzhi, Eto'o earned an astonishing yearly salary of €20.5 million after tax.<sup>541</sup> Eto'o was exemplary of the transition of the transfer market: one of the best players in the world left one of the best leagues in the world to sign with a club in Russia. At the time Eto'o was only 30 years old, the prime age for a footballer, and this transfer could, therefore, not be compared with that of other players who had moved to fringe leagues when they were past their prime. Although restructuring and economic problems at Anzhi, directly related to the owners' business troubles, led to many foreign players, including Eto'o,

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<sup>540</sup> *Telegraph* 4 Sep. 2011. <http://www.telegraph.co.uk/sport/football/competitions/euro-2012/8740731/Russia-v-Republic-of-Ireland-vast-riches-propelling-the-unstoppable-rise-of-the-Russian-Premier-League.html> accessed 19 February 2013.

<sup>541</sup> *Guardian* 23 Aug. 2011. <http://www.guardian.co.uk/football/2011/aug/23/samuel-etoo-internazionale-anzhi-makhachkala> accessed 19 February 2013.

leaving the Dagestani club in 2013, other Russian clubs have continued to spend enormous amounts on foreign players.<sup>542</sup>

But it wasn't just players who were brought in to put a new shine on Russian and Ukrainian football. The high-class personnel that went to Russia and Ukraine included coaches from all over Europe. In the past, the Soviet Union had been an exporter of coaching expertise to the Third World. With the fall of the Soviet Union, the source of expertise for Russian clubs changed. Russian and Ukrainian clubs were falling behind the big clubs from Western Europe. Only Dinamo Kiev, under coach Lobanovskii, was able to compete on the international level. Shakhtar Donetsk, on the other hand, had a good support base, but no tradition of success. In an attempt to catch up with Dinamo Kiev, Shakhtar hired their first coach who was not from the former Soviet Union when they appointed Italian Nevio Scala in 2002. Scala only lasted one season at the club, but he left his mark. The club won its first Ukrainian championship, and Scala introduced modern training techniques and ended the practice of total control over player's lives. As forward Andriy Vorobey stated to the British monthly football magazine *World Soccer* in 2011: "Communism ended at Shakhtar with the arrival of Scala." When Scala left, the club replaced him with the German, Bernd Schuster, who lasted only nine months. Next came the Romanian Mircea Lucescu, who completely rebuilt the squad and has been responsible for Shakhtar's success both in Ukraine and in Europe, notably by bringing the UEFA Cup to Donetsk in 2009. Lucescu, who in 2011 earned £2.7 million annually, has also changed the infrastructure of the club and has been responsible for Shakhtar's highly successful business of importing and exporting Brazilian stars. The club also employed the Dutchman, Patrick van

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<sup>542</sup> *Guardian* 8 Aug. 2013. <http://www.theguardian.com/football/2013/aug/08/the-rumour-mill-chelsea-samuel-etoo> accessed 23 January 2015.

Leeuwen, who built Feyenoord's successful youth academy, and was brought in to do the same in Donetsk, and the Englishman, Joe Palmer, who was partly responsible for turning Manchester United from a football club into one of the most recognizable sporting brands on the planet.<sup>543</sup> Palmer has since also been fundamental in recreating the club's brand from one that was recognizable only in Eastern Europe to one that is now visible on a global scale.

Furthermore, Shakhtar was one of the few Ukrainian clubs that paid their players no more than the official salary and paid taxes on those salaries. Many other Ukrainian clubs officially paid their players only the Ukrainian minimum wage.<sup>544</sup> The rest of the players' salaries were paid in bonuses, and because clubs were only responsible for paying taxes on the base salary, they could transfer the remaining money to the player tax-free. In 2014, the Ukrainian journalist Aleksandr Tkach was able to forward to me the wording of such a contract. In this case, the contract was between Karpaty L'vov and an unnamed player. The player was paid the base salary and the following bonuses: the player would receive compensation for every game played in the first squad of Karpaty L'vov in the Ukrainian Premier League. Further, bonuses were determined by the management of the club on the basis of applications from the head coach. In other words the manager could hand out further bonuses in order to provide a bigger salary. Clubs, however, made sure that they could not be legally challenged by Ukraine's tax authorities by including the following clause: 'The player is solely responsible for all payments due from the amounts received according to this Agreement.'<sup>545</sup> In other words the players were

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<sup>543</sup> *World Soccer* Nov. 2011. 58-61. Club Focus: Shakhtar Donetsk: 'Making Dreams come true'.

<sup>544</sup> In 2014 the minimum wage in Ukraine was 1218 UAH: <http://www.wageindicator.org/main/salary/minimum-wage/ukraine/minimum-wages-faq> accessed 23 January 2015.

<sup>545</sup> Tkach

responsible for paying the proper taxes on all bonuses received from the clubs. Authorities have been extremely lax about following up on tax payments by football players and the issue of tax payments usually only arises when a player is in a contractual dispute with the club that employs him. This practice is not uncommon in Eastern Europe and has been heavily condemned by FIFPro, the global players union that is charged with protecting the rights of professional football players. In this system, players are treated as self-employed and are considered responsible for paying social security and tax bills. This system can also be problematic for the following reasons: as FIFPro board member Dejan Stefanović explained on FIFPro's official homepage, 'It's quite incredible but the player has to pay these tax, social security and pension contributions even if the club does not pay him.'<sup>546</sup> A FIFPro study in Ukraine showed that 15.5 per cent of players in the Ukrainian Premier League did not receive their payment on time.<sup>547</sup> Some clubs had a particularly bad reputation, including Karpaty L'viv, which in July 2013 lost a contract dispute against a Spanish player, who was awarded €600,000 by Ukraine's football governing body. In another case Tavriia Simferopol was fined \$100,000 in October 2012 over an employment dispute with a Nigerian player, and was further banned from acquiring players for two transfer windows (or one year) by UEFA.<sup>548</sup>

Ukrainian clubs also use other tricks to save money when bringing in top talent from abroad. When Shevchenko ran for Ukrainian parliamentary election in 2012, he had to disclose

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<sup>546</sup> <http://www.fifpro.org/en/news/unpaid-players-stung-for-tax-in-eastern-europe> accessed 23 January 2015.

<sup>547</sup> FIFPro, *FIFPro Black Book Eastern Europe* (Hoofddorp, 2012), 97.

<sup>548</sup> *Kyiv Post* 19 Sep. 2013. <http://www.kyivpost.com/content/business/a-sports-lawyers-inside-look-at-business-of-ukrainian-football-329529.html> accessed 23 January 2015.

his income, and he announced that his salary had been \$1.65 million while playing for Dinamo Kiev. Before returning to Ukraine, Shevchenko earned £250,000 a week whilst playing for Chelsea in 2007. But Dinamo's corporate form as a joint-stock company meant that the club could operate as a limited liability company, which in turn meant that the club only had to pay part of Shevchenko's salary in Ukraine. This meant that both player and club could save on various taxes and social payments in Ukraine. The rest of the salary was then paid through various offshore organizations into offshore accounts held by the players or their agents in the form of bonuses and image rights, which, strictly speaking, was not classified as salary. This system, however, also had its downside, as clubs can, technically speaking, remove themselves from payment obligations.<sup>549</sup> The practice of "grey-zone" payments was carried out by almost all Ukrainian clubs, and, as explained in Chapter 2, only Shakhtar Donetsk operated in a legal completely transparent manner. Perhaps this was also one of the key reasons for the club's success; they were able to lure top foreign talent not only with the promise of high salaries, but also with the guarantee that they would actually meet their obligations.

Shakhtar became a benchmark in Eastern Europe; the way the club was structured around a foreign manager with foreign specialists who turned the club into a recognizable brand was a pattern followed not only in Ukraine but also in Russia. Zenit Sankt Petersburg soon followed the Shakhtar principle. Perhaps the example of Zenit Sankt Petersburg is the most revealing: The club was from a city that had been built by foreign architects and specialists, and had been constructed by a tsar who wanted Sankt Petersburg to be a window to the west. By the winter of 2012, Zenit had accumulated a transfer deficit of over €200 million and had bought players from

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<sup>549</sup> *Ibid.*

all over the world to create a team that could compete not only in Russia but also in Europe. Gazprom's investments in the club did not stop at bringing in high calibre players from South America or Western Europe; the club also began to rely on foreign managers and coaches. In November 2007, Dutchman Dick Advocaat coached Zenit Sankt Petersburg to win its first Russian championship, the first foreign manager to win a Russian championship. The following year Zenit won its first international title—the UEFA Cup.<sup>550</sup> Under Advocaat, the club introduced modern infrastructure and hired Dutch specialists who were to revamp the youth academy and the management of the entire club.<sup>551</sup> Zenit has followed the example of Shakhtar and built a club brand with the help of foreign advisors and specialists. When Advocaat left the club, Italian Luciano Spalletti, who has brought in an entire coaching staff from Italy, replaced him in December 2009.<sup>552</sup> Since then, the club has won another two Russian championships and has become Russia's most modern and recognizable football brand. In 2014, another foreign coach replaced Spalletti when the Portuguese André Villas-Boas took over from the Italian.<sup>553</sup> Villas-Boas' task was to further Zenit's brand in Russia, and also to improve on the club's performance in Europe.

This development did not stop at the Russian club level. Since the fall of the Soviet Union, Russia's national team had been a source of national misery and failure. In 2005 Russia failed to qualify for the 2006 World Cup in Germany after being defeated by Portugal 7-1. This

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<sup>550</sup> Bennetts, *Football Dynamo*, 124.

<sup>551</sup> <http://en.fc-zenit.ru/academy/managment/head/394.html> accessed 15 February 2013.

<sup>552</sup> <http://en.fc-zenit.ru/main/team/coaches/322.html> accessed 15 February 2013.

<sup>553</sup> *Guardian* 20 Mar. 2014. <http://www.theguardian.com/football/2014/mar/20/andre-villas-boas-zenit-russian-title> accessed 23 January 2015.



wasn't Russia's first failure since independence, but the result had a national impact. After the defeat and failed qualification, Russia's president Vladimir Putin contacted the president of the Russian Football Union Vitali Mutko and told him to make structural changes to the national team. Russia's defeat by Portugal came at a time when Russia's economy, fuelled by oil and gas exports, was prospering, and a national team that failed to qualify for the world stage did not fit Russia's new image as a resurgent economic power. Putin then "motivated" the oligarchs to invest not only in football abroad, but also in football at home. Vitali Mutko, together with Roman Abramovich, then contacted the Dutch coach Guus Hiddink.<sup>554</sup> Abramovich ended up paying the salary of Russia's national team coach, a salary believed to be \$1.3 million dollars annually.<sup>555</sup>

Much like Nevio Scala at Shakhtar Donetsk, Guus Hiddink ended communism for Russia's national team. Functionaries were no longer allowed in the dressing room, and players were not locked away in the old communist training complexes for weeks in preparation for matches.<sup>556</sup> Hiddink also changed the way the national team trained: he did away with punitive methods, and allowed players to think for themselves on and off the pitch. In other words Hiddink did away with the "I only work here" attitude of *Homo sovieticus* that many players had displayed when representing Russia.<sup>557</sup> In fact, Russia qualified for Euro 2008, and completed the qualification group in second place ahead of England. Then at the championship, the team

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<sup>554</sup> Bennetts, *Football Dynamo*, 47-48.

<sup>555</sup> James Riordan, 'Sports and Politics in Russia and the Former Soviet Union' in Peter Lang, (ed.), *Sport, Representation and Evolving Identities in Europe* (Bern, 2010), 327.

<sup>556</sup> Bennetts, *Football Dynamo*, 105.

<sup>557</sup> Simon Kuper, and Stefan Szymanski, *Soccernomics*, (New York, 2012), 407.

played some of the most astonishing football and finished a remarkable third. It was Russia's best finish at a tournament since the fall of the Soviet Union and put the country back on the football map.<sup>558</sup>

When Hiddink's Russia failed to qualify for the 2010 World Cup, he was replaced by Advocaat who had been hugely successful with Zenit. Advocaat guided Russia to Euro 2012, and after the tournament was replaced by the Italian coach Fabio Capello, who had previously coached the English national team. The salary for the coaches did not come from the Russian Football Union, but from a fund called the Russian Football Academy that had been established by a collective of Russia's richest men, including Roman Abramovich. This academy is the sponsor of Russia's youth national teams, pays the salaries of all coaches, and sponsors trips abroad. Officially, the Academy is responsible for overseeing the revival of Russia's football.<sup>559</sup> The aim of the project is simple: to create a national team that can win the 2018 World Cup, an event that will be hosted by Russia. In order to achieve this goal, Russia's richest men have been tasked to pay for the world's leading specialists to improve Russia's national game. By bringing in foreigners to coach the Russian national team and some of Russia's biggest clubs, Russian football has been able to join Europe's football knowledge network. Fuelled by oil and gas funds, Russia has made the big leap forward and joined Europe's football elite. As Simon Kuper and Stefan Szymanski point out in their book *Soccernomics*, oil (natural resources) has become

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<sup>558</sup> Sundermeyer, *Tor zum Osten*, 185.

<sup>559</sup> <http://www.footballacademy.ru/eng/about/> accessed 15 February 2013.

the major driving force in attracting major football talent.<sup>560</sup> In Europe, Russia and Ukraine have become the prime examples of this trend.

The football specialists have become the symbol of a new Russia, and the national team has been able to show the world a new Russian image. This has been made possible by the newly rich Russians: by acting as philanthropists for the national team, the oligarchs, in a sense, act no differently than the old aristocrats of tsarist Russia who paid Italian, Dutch, German, and French artists to work and live in Russia. At the very top of the process, however, is the Russian state under Vladimir Putin that needs the national team to succeed in order to gain international prestige. Putin, therefore, encouraged Russia's richest men to work as philanthropists for the state by investing in football infrastructure that could be used by the national team. The state of the Russian national team also reveals the difference between Russia and other republics of the former Soviet Union such as Ukraine. In Ukraine, investment in personnel has not yet reached the Ukrainian national team. As of early 2013 no foreigner has ever coached the Ukrainian national team. Instead, the owners of Ukraine's biggest clubs have focused on strengthening their individual clubs with the best personnel from abroad. The absence of a coherent policy on the part of Ukraine's oligarchs toward the Ukrainian national team demonstrates both the fragmentation of post-Soviet Ukraine, and lack of control by the state.

### Conclusion

The headline of the chapter "From Amateurs to Professionals" tells only half the story. Players were very much professionals during the time of the Soviet Union: they received a salary and bonuses from their clubs. They trained at least as much as their compatriots abroad in structures

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<sup>560</sup> Kuper, Szymanski, *Soccernomics*, 407.

that were very similar to those in the west. When the Gorbachev reforms changed the way football business was done in the Soviet Union, it only did away with the official amateurism of the Soviet sports machinery. In fact, it was common knowledge even in the West that the Soviet players were not amateurs. But the reforms that were put in place to end amateurism in Soviet football were not only targeted at sport: in fact football was just one part of overarching developments that affected many aspects of Soviet society after 1987. Football is an industry like many others. In the changing market economy of the Soviet Union, however, players were not comparable to normal labour. Football players exercised many rights which were not available to normal workers on the assembly line. For example, players before 1988 were free to move and change their place of work after they completed an official transfer request. These requests were more often accepted than not, simply because football clubs had backing from the upper echelons of society. When, towards the end of the Soviet period, market regulations were put in place that forced players into contracts and removed them from permanent free agency, football players were perhaps the only profession in the Soviet Union that had to give up rights.

There is another reason why it is not possible to compare football players with normal labourers in the Soviet Union. When clubs became professional between 1987 and 1988, players became resources that could be used to generate much-needed funds. Clubs became independent enterprises and for many of these newly independent enterprises, players were their only real assets. As clubs in the former Soviet Union struggled financially, they soon recognized that they could use these assets to generate funds. Players, therefore, became a commodity that could be traded. As the Soviet Union began to experience monetary difficulties, trading companies were set up that tried to obtain foreign capital through any means possible. For this purpose

Goskomsport, as the state enterprise, set up joint ventures that are comparable with today's player agencies. The joint ventures had the advantage that because they were low-tax, they could achieve larger financial benefits for the parent enterprise. Some clubs also benefited, with Dinamo Kiev, for example, using the existing loophole of free agency to acquire players for free and then selling them off to the West. As was the case in many such operations towards the end of the Soviet Union, a few benefited and the industry as a whole suffered. In the case of the extensive player sell off in the period between 1988 and 1991, it was individuals who went on to turn the profits they made with agencies like Sovintersport into personal fortunes during the mass privatization of the early 1990s. But some clubs, such as Dinamo Kiev, also used the cash generated in the period to construct new training facilities and to build up a successful business. Spartak Moscow was another benefactor of the player sale of the late 1980s, and along with Dinamo Kiev, gained a head start over every other club in Ukraine and Russia.

It was the Salenko transfer that changed the way the market operated in the Soviet Union and later Russia. Clubs had introduced, not only a contract system, but also a system that calculated how much a player was worth. It is telling that the immediate Russian post-Soviet society maintained the scaling system. Russia was a hybrid; on the one hand there was the introduction of a wild free market economy under El'tsin, and on the other hand the state maintained many of its traditional Soviet functions. While players had to undergo an extensive bureaucratic process in order to transfer from one Russian club to another, they had an easy time moving abroad. The best players did indeed leave the former Soviet Union to play in the West, and it was no accident that the football transfer market began to change after the fall of the Soviet Union. In Western Europe, the influx of players from the former Soviet Union put market

pressure on the transfer system, and when Bosman sued for market mobility in football, the European Commission introduced laws that allowed footballers to operate in their trade just as freely as any normal labourer. This also had an effect on the clubs of the former Soviet Union, as increasing numbers of players left to play in the now open market in the West.

As the market emptied in the former Soviet Union, clubs struggled to fill the void. The big clubs, such as Dinamo and Spartak, bought the best talent that was available to them in the former Soviet republics, and as a result, smaller clubs started to turn to new markets. It is no surprise that a small club like Nizhny Novgorod was the first Russian club to purchase Brazilian players. Other clubs used the contacts of their coaches to bring in players from Africa. It helped that coaches of the former Soviet Union, unlike players, had been relatively free to work abroad. Many coaches had been sent to work in Africa and South America as part of foreign aid campaigns. Those contacts became invaluable after the fall of the Soviet Union when clubs from Russia and Ukraine brought in talent from the third world. But players from abroad sometimes struggled to make the former Soviet Union their home, and most just came hoping to be discovered by big clubs from the West. For football fans of the Soviet Union, it was a new experience to see players of different racial backgrounds in the kit of their favourite clubs. Russia and Ukraine have had and continue to have massive problems with racism and hooliganism. Foreign players of visible minorities are often the targets of demeaning chants.

Then in the early 2000s the market began to change. Fuelled by profits from oil and gas, football clubs of the former Soviet Union were now able to purchase the most talented available players. South America, at first, still remained the most attractive source for clubs in Russia and

Ukraine—what changed was the amount of money paid. Clubs also began to obtain players from Southern Europe. In order to achieve the best results possible, clubs also began to bring in foreign specialists. At Shakhtar, the club began to change its entire infrastructure, with foreign managers, coaches, and specialists brought in to give the club a modern image. Shakhtar became the benchmark in Eastern European football; soon other clubs copied the model. In Russia, the most prominent example was Zenit Sankt Petersburg. It is ironic that a city constructed by foreign specialists under the auspice of a powerful tsar now became Russia's most powerful football city due to the influence of foreign specialists under the direction of a powerful state agency. Zenit relied on foreign coaches and superstar players from the West to achieve maximum results, and the powerful state-sponsored gas company Gazprom fuelled the project. But the government did not stop at Zenit, and after a string of poor results, the Russian government introduced a program that was to change the way football was played in the rest of Russia—and at the forefront of this new program were foreign specialists. This sums up the process that Russia has undergone since the fall of the Soviet Union. Russian and Ukrainian football went from an export economy to an import economy: the best players no longer go abroad to ply their trade, but stay in Russia and Ukraine.

## **Painting the Playing Field: Football and Advertising in the Soviet Union and the Successor States**

### Introduction

Advertising, in various forms, has been a major component of football since the founding years of the game. Selling advertisement space on billboards, inside stadiums, on stadium scoreboards, as well as outside the stadium, has been an important source of income for football clubs. Another source of income is advertising on the players themselves: kit, training gear, and later boots. Companies that advertise in the stadium believe their brand name can benefit through being attached to successful football teams, and in fact, some brands have become better known for the football team they sponsor than for their own merits. According to Edelman, in the Soviet Union, football clubs were given permission to sign advertisement deals with foreign companies as a means to generate much needed currency in 1987.<sup>561</sup> But advertisement of Soviet companies could be found in Soviet stadiums as early as 1981, as is illustrated by video material retrieved from YouTube. The first advertisements, at this time, came from foreign companies and were only allowed during international cup games between teams from the Soviet Union and Western European clubs. The advertising was not aimed at Soviet viewers, but at the Western European audience who were watching the games from home. At the same time, however, games were shown on national television in the Soviet Union, and this meant that Soviet citizens were made aware of the advertising potential of football. When market reform was introduced in the 1980s, Soviet companies started to advertise during national as well as international football games. In fact, the progress of Gorbachev's economic reforms can be measured by the volume and style of billboard advertising in football stadiums.

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<sup>561</sup> Edelman, *Serious Fun*, 221.



The negotiation of advertisement contracts with Western companies fell under the jurisdiction of Sovintersport, the same agency that was also responsible for the negotiation of international transfers of Soviet players. Before 1987, deals involving Soviet sport and foreign companies, were negotiated between Goskomsport functionaries, and foreign companies. But with the open commercialization of Soviet sport, Goskomsport set up a new agency called Sovintersport, which between 1987 and 1991 acted as an intermediary between Soviet clubs and stadiums, and international companies who wanted to use Soviet football for advertisement. As with player transfers, the goal was to generate as much foreign currency as possible in order to maintain the financial stability of Soviet sport in general and football in particular. As video material from the period suggests, by the late 1980s the average Soviet league game displayed as much advertising as the average football game in Germany, Britain, or Italy. There were three problems for foreign companies who wanted to advertise their products in the Soviet Union, however: one was cost, the second was availability, and the third was need. The products advertised cost more than the Russian people could afford, the goods were frequently not available for purchase, and many of the commodities were items that the Russian people did not want or need.<sup>562</sup> Even during the late Gorbachev years, the above problems meant that Soviet clubs could not generate the same amount of hard currency through advertisement as clubs in the West. Russian advertising in the late 1980s and early 1990s had plenty of oddities because advertising in the Soviet Union was a hybrid in which Western values were mimicked and combined with values set in the period before the Russian Revolution. These oddities—

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<sup>562</sup> Ludmilla Gricenko Wells, 'Western Concepts, Russian Perspectives: Meaning of Advertising in the Former Soviet Union', *Journal of Advertising*, Vol. 23, No. 1, International Advertising, (Mar., 1994), 84.

frustratingly expensive, unavailable, and useless products—were often on display at football games and were promoted to viewers on the screen and at the stadium.

After the fall of the Soviet Union, many internationally recognized companies that began to advertise at football games did not understand the limitations and needs of a population that had just experienced such a dramatic economic shift. The advertising of western European and American companies and brands at Russian football stadiums was therefore only effective when Russian clubs played at the international level, when the games would be shown on international television. Effectively Western companies saw advertisement as a long-term investment: the goal was to establish brand names in preparation for a time when the Russian living standard would be high enough for the general population to be able to afford western products. After 1999, many companies from the Russian energy sector began to advertise at football games as the economic situation of Russia as a whole changed and the country began to recover from the economic aftershock experienced as a result of the decline and fall of the Soviet Union. This development, which started in the late 1990s, can still be seen today in advertisement during football games in the Russian Premier League (as well as other leagues of the post-Soviet space); sponsorship slogans from major local companies share the field with those of global corporations, such as Pepsi and Coca-Cola. Billboard advertising in Russia has followed the major global trend in which premium companies advertise at the world's most popular and, therefore, most valuable sport in terms of advertisement visibility and brand recognition. This chapter will highlight how major Russian companies have discovered football as a platform to advertise, not only within Russia, but also in the European and international market.

### Consumer Guides and *Reklama*: Advertising in the Soviet Union

As David Goldblatt points out in his global history of football *The Ball is Round*, ‘where the press and the public lead, the advertisers cannot be far behind’.<sup>563</sup> From the very beginning, companies realized the commercial potential of football, especially since it brought the power to speak to a large group of predominantly male upper-working-class people. Companies’ advertising in the game made use of male obsessions, such as collecting, listing, mapping and numbering—an example is the collection of cigarette boxes with pictures of players on them. This trend, from its beginnings in England, where the game originates, has accompanied the game wherever it has been established, including Russia and the Soviet Union, and is part of the global football phenomenon today.<sup>564</sup> Football reached Russia in the early twentieth century, and there, as in England, the game was soon discovered to be an ideal commercial vehicle. Department stores in Moscow and Sankt Petersburg, for example, used football to advertise sports clothing.<sup>565</sup> After the revolution and the civil war, private business was taken over by the state, and many of these state-owned enterprises then took over as owners and operators of the football clubs. There was a brief period where the state experimented with de-centralization and a liberalized the market in the 1920s. But as Edelman explains, ‘neither the state nor many factories were yet in the business of lavishly sponsoring sports teams.’<sup>566</sup> This changed in the 1930s when most teams were operated by state ministries, companies, and local governments.

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<sup>563</sup> Goldblatt, *The Ball is Round*, 64.

<sup>564</sup> *Ibid.* 64.

<sup>565</sup> Edelman, *Spartak Moscow*, 22.

<sup>566</sup> *Ibid.* 53.

Thanks to state sponsorship, advertisements were virtually non-existent in football games in the Soviet Union from the 1930s to the early 1980s.

As Adele Marie Barker writes in her book *Consuming Russia*, advertisements had a very different function in the Soviet Union than they had in Western European societies that were not operating under a command economy; they were often used to reinforce party policy rather than to advertise a product.<sup>567</sup> The advertising on Soviet television, for example, was a program on Channel 2 that was called *Reklama* (advertisement), which ran for five minutes daily.<sup>568</sup> Some Soviet TV commercials from the 1970s and 1980s are accessible on *YouTube*, and the range of themes extends from the national airline Aeroflot<sup>569</sup> to public awareness advertisements encouraging a decrease in the use of electricity.<sup>570</sup> As Katherine B. Eaton outlines in her book *Daily Life in the Soviet Union*, most material goods were in short supply and workers in factories and on farms often skimmed the best products for themselves.<sup>571</sup> The Soviet Union had no regular consumer market, and the unpredictable times at which products appeared in stores made it difficult to advertise for these products in advance. The culture of advertisement, therefore, evolved around products that could not be sold. As Ludmilla G. Wells has found in her study ‘Western Concepts, Russian Perspectives: Meaning of Advertisement in the Former Soviet Union’:

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<sup>567</sup> Adele Marie Barker, ed. *Consuming Russia*. (London, 1999). 18.

<sup>568</sup> James Dingley, *Soviet Television and Glasnost* in Graffy Julian, and Hosking, A. Geoffrey ed. *Culture and the Media in the USSR Today*. (London, 1989), 19.

<sup>569</sup> <http://www.youtube.com/watch?v=wssM7GUH-rU&feature=related> accessed 27 February 2012.

<sup>570</sup> <http://www.youtube.com/watch?v=tieeAzwLGx0&feature=related> accessed 27 February 2012

<sup>571</sup> Katherine B. Eaton, *Daily Life in the Soviet Union*. (London, 2004), 116-117.

...domestic advertising would be used when overproduced goods were not [being bought] and were of poor quality. That's when advertising would appear: 'Drink Juices'... [or] in the 1950's 'Buy Crabs' when they were piled in heaps and no one was buying them...<sup>572</sup>

As products were state produced, there was no competition between companies to reach new consumers, and advertisement was simply used to promote low quality products.

Since the Soviet Union had no regular consumer market, there was no need for companies to advertise at football games. Commercial product placement would also have been against the ethos of amateur sport. In 1973, for example, Spartak Moscow played their first UEFA Cup Winners Cup, a season in which the club reached the quarterfinal of the competition. On March 7, 1973 Spartak faced AC Milan from Italy, for a place in the semi-final. Due to the severe winters in Moscow, Spartak had to play its home match in the Black Sea resort town of Sochi.<sup>573</sup>

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<sup>572</sup> Wells, 'Western Concepts, Russian Perspectives', 89.

<sup>573</sup> <http://www.redwhite.ru/1973.html> accessed 6 March 2012.

Picture 4



Source: 'Istoriia Futbol'nogo Kluba Spartak Moskva'.<sup>574</sup>

Pictures taken before the match show the inside of the Central Stadium in Sochi, with the Spartak players lined up in front of the main stand. There are four banners behind the main stand; the first three display the coats of arms of the local Soviet, the city of Sochi and the Soviet Union, and the fourth is a picture of Lenin. There were no product advertisements in the stadium.

Billboard advertisement did, however, slowly make an entrance into Soviet sport in the late 1970s and early 1980s. The changes of the advertisement culture in Soviet football are illustrated in the case of Dinamo Tbilisi. The club was especially successful in the late 1970s and

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<sup>574</sup> Ibid.

early 1980s, and its many European campaigns are well documented through videos on YouTube. In 1978 Dinamo Tbilisi won the Soviet Top League and as a result qualified for the 1979-80 European Cup. They were drawn against FC Liverpool in the first round, and after loosing 2-1 in Liverpool, Tbilisi managed to win the home game 3-0 and eliminated the English champion. The match highlights are available on YouTube, and what is immediately apparent when watching the footage is the relative lack of sponsorship. Instead there is a single slogan placed along the main stand, which welcomes 'The Sportsmen from England,' as well as a huge poster behind one of the goals that advertises the 1980 Moscow Olympics.<sup>575</sup> In 1979 Dinamo won the Soviet Cup, which qualified them for the 1980-81 European Cup Winners' Cup, and on May 13, 1981 Tbilisi defeated the East German team Carl-Zeiss Jena to win its first European trophy. Match highlights of every round of the tournament are available on YouTube, and as in the 1979 European Cup, the Boris Pashaidze Stadium is completely free of advertisements. In contrast, when Dinamo played away at Upton Park to face West Ham United in England, the stadium was plastered with advertising. Advertising was also displayed when Dinamo faced Jena in the Final, which was played on neutral ground in the West German city of Düsseldorf. In both cases all advertising displayed was from western European, American, and Japanese companies such as Coca-Cola, Gillette, Canon, and Toyota, but there was no Soviet product placement.<sup>576</sup>

European Cup games of Soviet teams were shown on Soviet television, which meant that Soviet citizens were very much aware of the product placement possibilities within football stadiums. As the title defender, Dinamo also competed the following season in the European Cup

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<sup>575</sup> [http://www.youtube.com/watch?v=O4W\\_pszBQ9A&feature=related](http://www.youtube.com/watch?v=O4W_pszBQ9A&feature=related) accessed 7 March 2012.

<sup>576</sup> <http://www.youtube.com/watch?v=ShgZ35ErCwQ&feature=related> accessed 7 March 2012.

Winners' Cup, facing SEC Bastia from France in Tbilisi on November 4, 1981. The match highlights show a remarkable change in the appearance of the Boris Pashaidze Stadium, as commercial advertisement was now on display—judging from the videos displayed on YouTube this could even be the first time commercial advertisement appeared inside a stadium in the Soviet Union. The advertising was almost exclusively for French companies, and was placed inside the stadium for the French television audience.<sup>577</sup> Remarkably, this took place before the death of Leonid Brezhnev and the economic and political reforms that came after his death. The reason for the French advertising is straightforward. Under the Brezhnev administration the economy had become stagnant and in the early 1980s was experiencing a significant decline. Economic decline resulted in an increased toleration for foreign advertisement in Soviet stadiums as long as that advertisement was not targeted at the Soviet audience; foreign advertisement for international matches was therefore used as an opportunity to raise much needed hard currency.<sup>578</sup>

The first evidence of any form of sponsorship during Soviet Top League matches can likewise be found on YouTube. On June 28, 1984 Dinamo Tbilisi played Zenit Leningrad in a match that Zenit won 2-3.<sup>579</sup> The significance of this video is not the goals or the final score, but the fact that it shows advertisement placed inside the stadium for a regular Soviet Top League match. The advertisement was placed along the main stand of the stadium, and is visible in the

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<sup>577</sup> <http://www.youtube.com/watch?v=PDUoUTwYoXA&feature=related> accessed 7 March 2012

<sup>578</sup> Edelman, 'There are no rules on planet Russia: post-Soviet spectator sport', 231.

<sup>579</sup> The score showed at the video is actually not correct. Zenit scored 3 unanswered goals after Dinamo's 2 goals. For scores of the Soviet Top League the following homepage was consulted: *helmsoccer.narod.ru*. [http://helmsoccer.narod.ru/Europa/Euro\\_Liges/USSR\\_Russia/Champ\\_from\\_1936/1984.htm](http://helmsoccer.narod.ru/Europa/Euro_Liges/USSR_Russia/Champ_from_1936/1984.htm) accessed 16 March 2012.



video immediately after Dinamo scores the first goal, and 51 seconds in when Guram Chkareuli scores the second goal. All of the advertisement displayed is in Cyrillic script.<sup>580</sup> More evidence of advertisement can be found during further league matches of Dinamo Tbilisi, such as the 1985 game against Shakhtar Donetsk.<sup>581</sup> Since many games were shown live on national television, advertisement at football matches was an attractive way for Soviet companies to advertise products on Soviet television—as stated above products advertised in the Soviet Union were usually those that had been difficult to sell. Some of the Soviet companies that advertised at the above mentioned Dinamo games, for example, included the Lithuanian beer company Tauras, as well as the Latvian company Radiotekhnika, which specialized in producing television sets. The 1980s thus mark the onset of advertisement in Soviet football, but at this point, with the exception of the occasional international match, the advertisement spaces were still limited to national companies. Then in the second half of the 1980s, the Soviet Union began to increase its imports from Western nations. With new market regulation laws in place in the Soviet Union, Japan, for example, began to increase its export of television sets to the Soviet Union. This meant that Soviet companies now had more foreign competitors, and advertisement at football matches became an effective tool with which to maintain market share.<sup>582</sup>

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<sup>580</sup> <http://www.youtube.com/watch?v=Ls6Ot0lpWIY&feature=related> accessed 16 March 2012.

<sup>581</sup> [http://www.youtube.com/watch?v=JjYSz\\_JeGds](http://www.youtube.com/watch?v=JjYSz_JeGds) accessed 27 May 2014.

<sup>582</sup> Trina L. Larsen and Robert T. Green, 'Export Opportunities in a Crumbling Economy: The Soviet Union in 1990', *Journal of International Marketing*, Vol. 1, No. 4 (1993), 76, 81.

### Sovintersport and the Capitalization of Soviet Football

After 1987 with the onset of the Gorbachev reforms, more financial accountability was demanded from state-owned companies. This meant that companies were now in competition with one another over consumers, a fact which, in the changing economic landscape, is well displayed within the confines of Soviet football advertisement. Documents in the Sovintersport fond at the Russian State Archive (GARF) highlight the changing role of advertisement in Soviet sport in the late 1980s, and especially the onset of international finance in Soviet sport. As the Soviet market opened to international companies, football became a primary advertising tool. The role for setting up advertisement contracts between companies from the West and the Soviet Union was assigned exclusively to Sovintersport. As highlighted in Chapter 4, Sovintersport was created as a department of Goskomsport that would negotiate international deals. Sovintersport's subsidiary company Sovsportreklama (Soviet sport advertisement) was responsible for the majority of international sport advertisement deals signed in that period. After August 1987, Soviet clubs competing in international competitions were allowed to place advertisement on their shirts for both international and national games. Those clubs were Dinamo Kiev (European Cup), Dinamo Minsk (European Cup Winners' Cup), Dinamo Moscow, Dinamo Tbilisi, Zenit Leningrad, as well as Spartak Moscow (the last four all in the UEFA Cup). The sponsors were Commodore (Germany-USA), Inkheba (Czechoslovakia) and Dorna (Lichtenstein).<sup>583</sup> The German-American computer company Commodore paid clubs for every round in European competitions, for example, when Dinamo Kiev advanced against Besiktas Istanbul, the club received \$6000 for both the home and the away matches. Then in the next round, when Dinamo faced FC Porto the club received \$7,000 for both the home and the away matches. Similar deals

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<sup>583</sup> GARF, f. 10029, op. 2, d. 42, ll. 4-6  
(Sovintersport: Sponsorship contracts between clubs and foreign companies).

were also made for international friendly matches.<sup>584</sup> Sovsportreklama was primarily responsible for setting up the sponsorship deals between clubs and international companies. Sovintersport was also responsible for marketing international friendly matches. On September 9, 1987, for example, the Soviet Union was scheduled to compete against France in a UEFA European Championship qualification match in Moscow, and prior to the match, Sovintersport signed an advertisement deal with the Finnish company AV-Consultants in which AV-Consultants was given the exclusive right to place advertisements within the Luzhniki Stadium (with the exception of three advertisement boards that were reserved for companies from the Soviet Union). The deal was worth 150,000 Deutsch Mark and AV-Consultants had to guarantee that there would be no political messages, and also no advertisements for medicine, pornography, alcohol, and tobacco displayed anywhere in the stadium.<sup>585</sup> Yet these deals were not large-scale trades, and the Sport-Alpine Centre was merely responsible for advertisement agreements within the Soviet Union.

The introduction of advertisement initiated a remarkable change in the economics of Soviet sports and showed that the Soviet regime was coming to terms with the fact that new market systems were necessary to finance high calibre football in the country. In 1987 and 1988 most advertisement contracts negotiated by Sovintersport and its subsidiary companies were still signed for international football matches. For example, for Dinamo Minsk's European Cup Winners' Cup match against the Belgium team Mechelen, Sovsportreklama sold 26

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<sup>584</sup> GARF, f. 10029, op. 2, d. 42, ll. 1, 3, and 7.  
(Sovintersport: Sovsportreklama contracts between Dinamo Kiev and Commodore).

<sup>585</sup> GARF, f. 10029, op. 1, d. 4, l. 1.  
(Sovintersport: Sponsorship contract between Dinamo Kiev and Commodore)

advertisement boards. Some of the advertising placements were for Soviet companies, such as Aeroflot, that also operated on the international market; most of the advertisement displayed, however, was for international companies, most of which originated in Belgium.<sup>586</sup> The sponsorship contract for the match was negotiated between Sovintersport and the international companies in question, and Dinamo had no input in the negotiations since the club was part of the government sport apparatus.

The funds generated for the match through advertisement were not given to the club but instead were received directly by Sovintersport. Dinamo was a subsidized sport association, which belonged to the Ministry of Interior of the Belorussian Soviet Socialist Republic. Instead of directly informing the club, a letter from the subsidiary company was sent out to the Director of the Central Stadium in Minsk simply informing him that there would be advertisement on display for the match that took place on October 30, 1987. The kind of advertisement that would be on display was not specified. In the letter sent to the directorate of the stadium, Sovintersport referred to rule 33-06-2/87, which allowed advertisement in Soviet stadiums, and gave Sovintersport jurisdiction over placing advertisement within stadiums.<sup>587</sup> As an independent government agency that was part of Goskomsport, Sovintersport had the right to negotiate on behalf of Soviet clubs, and any income went to Sovintersport and eventually to Goskomsport, since Goskomsport was in charge of allocating government sport subsidies. Goskomsport, in turn, was expected to use the generated money to subsidize sport programs.

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<sup>586</sup> GARF, f. 10029, op. 2, d. 185, ll. 22-23.

(Sovintersport: Sovsportreklama stadium plan outlining advertisement boards for game between Dinamo Minsk and Mechelen)

<sup>587</sup> GARF, f. 10029, op. 2, d. 185, l. 21.

(Sovintersport: Letter to the Director of the Central Dinamo Stadium in Minsk)

The economic times were changing, however, and in 1987 some clubs were required to turn their operations from reliance on state subsidies to cost-accountability. The first Soviet club that turned from a state-owned and funded operation to a fully self-funded club was Dnepr Dnepropetrovsk from Ukraine. As a self-funded club Dnepr was now able to negotiate player contracts, as well as make its own sponsorship agreements. In fact, sponsorship agreements together with membership fees were intended to become the main income of the eksperimental'nyi vedomstvennyi khozraschetnyi Klub Dnepr (the experimental self-supporting club Dnepr). The idea was that Dnepr would be able to obtain 300,000 roubles a year, which would allow it to compete on a professional level without being dependent on state funds.<sup>588</sup> Dnepr's relationship with Sovintersport was, therefore, that of two independent companies operating within the confines of Soviet law. Before Dnepr's UEFA Cup match with Girondins Bordeaux, Sovintersport and Dnepr negotiated a contract that allowed Sovintersport to sell advertisement boards for the match.<sup>589</sup> Sovintersport then gave Sovsportreklama the contract to negotiate sponsorship deals with companies for the match—Sovsportreklama was able to sell 57 advertisement spaces for the match.<sup>590</sup> Unfortunately the archived documents from Sovintersport do not show actual contract values, and therefore we do not know how much money Dnepr received from selling advertisement rights, and how much Sovintersport retained in negotiation fees. Nonetheless, the contract is significant in that Sovintersport was forced to approach Dnepr,

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<sup>588</sup> *Izvestiia* 28 September 1987. 6.

<sup>589</sup> GARF, f. 10029, op. 2, d. 185, ll. 56-58.  
(Sovintersport: Contract between Sovintersport and Dnepr)

<sup>590</sup> GARF, f. 10029, op. 2, d. 185, l. 61.  
(Sovintersport: Contract between Sovintersport and Dnepr)

and Dnepr was able to negotiate as an independent entity. Dnepr's negotiation freedom, however, was still limited, as Sovintersport and its subsidy companies held a virtual monopoly over sport marketing in the Soviet Union, and Sovintersport was the only company that had a contact network in Western Europe and North America. Dnepr, therefore, although an independent club, was still dependent on negotiating sport advertisement contracts with government actors.

Sovintersport's negotiation power with Soviet clubs was also displayed when the organization negotiated a sponsorship contract between the Italian steel manufacturer Danieli and several clubs from the Soviet Union. In August 1988, Danieli offered to pay 10,000 roubles for advertising at one match in a UEFA competition, and 5,000 roubles per match in the national championship.<sup>591</sup> The negotiations between Danieli and Sovintersport were concluded on September 15, 1988 and Danieli was given the right to display their slogan on the shirts of a few Soviet clubs. The clubs selected by Danieli were Spartak Moscow, Torpedo Moscow, Dinamo Minsk, Dnepr Dnepropetrovsk, Zhalgiris Vilnius, and Metallist Khar'kov. The clubs received 50 per cent of the sponsorship contract; the rest of the money went to the central Soviet state according to the Soviet decree USSR 25.12.86 No. 1535.<sup>592</sup>

But the football clubs did not always receive their 50 per cent share; in case of Dinamo Minsk, for example, the funds were transferred to the Belarusian Vneshekonombank (Foreign

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<sup>591</sup> GARF, f. 10029, op. 2, d. 185, ll. 67-68.  
(Sovintersport: Contract between Sovintersport and Danieli)

<sup>592</sup> GARF, f. 10029, op. 2, d. 185, ll. 69-71.  
(Sovintersport: List of clubs that were to be sponsored by Danieli)

Trade Bank) where the Belarusian all-Soviet sport organization Dinamo Minsk had its accounts for funds that came from abroad.<sup>593</sup> The football club Dinamo was just one section of the Dinamo Minsk sport organization, and funds received from sponsorship deals were often evenly split between the different sports of a sport organization.

Sponsorship deals between Sovintersport, foreign corporations, and football clubs often did not correlate with the market conditions of the USSR in the late 1980s. In 1987 for example Spartak, through Sovintersport, signed a deal with the Italian company Ocrim Spa (a grain and food producer).<sup>594</sup> The company's name was placed inside the white ring of the jersey, effectively altering the design that had been virtually unchanged from 1922 to 1987. For the 1988 season Spartak moved to a different sponsor, the Italian steel producer Danieli. The sponsorship deal between Spartak (and, as mentioned above, other clubs) and Italian corporations like Danieli was curious because the way the Soviet market was structured made it impossible for Soviet citizens to purchase the products of any Italian producers. These product placements were destined for the international market, as Spartak played many games on the international level. Early jersey sponsorship deals were still very cheap, and therefore the financial risk for a company like Danieli was small. Another reason for Danieli's investment could have been the political connections that came with investing money in a prominent football club such as Spartak. Danieli might have taken a leaf out of the old Soviet patronage book, where supporting a football club could garner political support for your investment.

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<sup>593</sup> GARF, f. 10029, op. 2, d. 185, l. 73.

(Sovintersport: Contract confirmation by the Belarusian all-Soviet sport organization Dinamo)

<sup>594</sup> Riordan, 'Playing to New Rules: Soviet Sport and Perestroika', 141.

In the late 1980s the sponsorship landscape was changing for Sovintersport. The experiment by Dnepr Dnepropetrovsk proved to be an enormous success, and other clubs were soon applying to Goskomsport in order to become cost-accountable. By 1990, most clubs in the Soviet Union had made the transformation, and this hugely impacted the way Sovintersport was concluding deals with individual clubs. Clubs now negotiated advertisement contracts with Sovintersport that were more complex than in previous years. In June 1990, for example, Dinamo Kiev negotiated a contract that would give Sovintersport the right to negotiate with foreign companies to place advertisements at Dinamo's matches in the Vysshiaia Liga. The deal stated that Sovintersport would pay 300 roubles for one meter of advertisement space per match in the period between June 1990 and December 1991. Dinamo was therefore guaranteed the sum of 450,000 roubles (100 meters of advertisement space times 300 roubles for 15 matches) for the period in question.<sup>595</sup> Dinamo Kiev had become an independent sport club in January 1989, and as such was now tasked with financing its own operations. In an interview with *Sovetskii Sport*, the President of Dinamo expressed the expectation that the club would generate a profit of around 300,000 roubles in its first year as an independent organization, and that a large percentage of that profit would come from advertisement deals. Sport organizations were now also exempt from taxation and Dinamo only had to pay 34 per cent of its gate receipts to the ownership group of the Respublikanskii Stadium in Kiev.<sup>596</sup> Dinamo's advertisement deal with Sovintersport exemplified the changing dynamics of negotiations between independent sport clubs in the Soviet Union and government run organizations. Dinamo was guaranteed a profit

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<sup>595</sup> GARF, f. 10029, op. 2, d. 375, ll. 43-45.  
(Sovintersport: Sponsorship contract between Sovintersport and Dinamo Kiev)

<sup>596</sup> *Sovetskii Sport* 28 January 1989, 3.



from advertisement irrespective of whether Sovintersport was able to sell the advertisement boards.

Sovintersport not only handled the commercial and advertisement aspects of Soviet football clubs, but also managed sponsorship arrangements. In 1990, Sovintersport signed exclusive sponsorship deals with the Football Federation of the USSR (FFU) to direct the commercial activities of the Soviet national football team. As the exclusive commercial partner of the Soviet national team, Sovintersport gained the sole right to negotiate all commercial contracts for all players, coaches, teams (junior teams), and other specialists attached to the national team. It also gained the exclusive right to negotiate advertisement contracts for the Soviet national team to handle exports and imports of all goods related to the national team. In return Sovintersport was responsible for setting up travel arrangements, such as transport to and from games and excursions during away games in other countries. It was also responsible for providing the national team with sport equipment.<sup>597</sup> Thus, in 1990 Sovintersport changed from being simply an import-export company for sport equipment and specialists to being a marketing agency. Advertisement deals between Sovintersport and the FFU, as well as the sponsorship deal between Sovintersport and Dinamo demonstrate the changing economics of sport in the dying days of the Soviet Union:

The 1980s saw a general trend in which advertisement was more widely introduced in football as a new form of revenue, which began to replace traditional forms of revenue such as money generated from gate receipts.<sup>598</sup>

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<sup>597</sup> GARF, f. 10029, op. 2, d. 318, ll. 67-72.

(Sovintersport: Commercial deal between Sovintersport and the Soviet national football team)

<sup>598</sup> Andreff, and Staudohar, 'The Evolving European Model of Professional Sports Finances', 263.

For sport teams as well as Sovintersport, the changing dynamics were beneficial; clubs were able to gain much needed currency and Sovintersport gained a monopoly over the negotiation of sport advertisements in the Soviet Union.

The operations of Sovintersport help us to understand the shifting economic roles of different commercial actors within the sport sector of the Soviet Union. In particular, they draw attention to the role of stadiums as independent operators. Previously, as shown above, the operators of stadiums were simply informed about sponsorship agreements and were also tasked with setting up and removing the advertisement boards before and after matches. This relationship, however, seems to have changed in 1989, when stadiums, just like clubs, were transformed to operate independently from the state. Clubs, as well as the national team, had to pay rent to play in facilities all across the Soviet Union. Clubs usually paid a user fee to the local sport union as well as to the stadium organization itself.<sup>599</sup>

By 1989 the language of negotiation between stadium committees, Goskomsport and Sovintersport started to change. In April 1989, Sovintersport reached an agreement with the Respublikanskii Stadium in Kiev regarding the advertisement that was to be displayed for the match between the Soviet Union and East Germany (GDR). Goskomsport only received 10 per cent of the income generated through advertisement during the match. It was also agreed that one advertisement space would be sold for 280 roubles.<sup>600</sup> A similar deal was reached in May 1989

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<sup>599</sup> TsDAGO, f.1, op. 32, d. 1511, ll. 29-30.

(Central Archives of Public Organizations of Ukraine: Breakdown of Stadium attendance and financial income of football games in Odessa in 1975)

<sup>600</sup> GARF, f. 10029, op. 2, d. 318, ll. 37-39.

between Sovintersport and the Tsentral'nyi stadion imeni V. I. Lenina (Lenin Stadium, more commonly known as Luzhniki). Archive documents from the Sovintersport fondy show that 90 per cent of the money generated through advertisement was transferred to the bank accounts of the stadium organization, in this case the bank account of the Luzhniki Stadium at the Promstroibank USSR (Construction and Development Bank).<sup>601</sup> These documents show that stadium committees were now operating independently from the state in a way similar to the experimental club Dnepr, as well as to other clubs that adopted khozraschet at about that time. In many ways Sovintersport substituted for the now absent government subsidies. Stadiums were now in an ideal position, in that clubs continued to pay fees to use the facilities, and advertisement money also helped some of the larger stadiums generate profits.

#### Adidas and Co.: Sports Gear and Advertising

Next to billboard advertisement, sporting goods, such as jerseys, footballs, goalie equipment, and football shoes are the most important means of product placement. The Soviet Union was far behind the West in the production of sporting goods, and relied on foreign manufacturers to provide the proper equipment for its athletes. Adidas, for example, was the exclusive supplier of equipment for Soviet football players. Adidas had a head start over other companies from the West because they were the first sporting goods company to work in the former Soviet Union. Horst Dassler, the son of Adolf Dassler, who founded the company in 1924, was instrumental in

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(Sovintersport: Sponsorship contract between Sovintersport and the Respublikanskii Stadium in Kiev for the USSR GDR friendly match that took place on the 26 April 1989)

<sup>601</sup> GARF, f. 10029, op. 2, d. 318, ll. 43-45.

(Sovintersport: Advertisement contract between Sovintersport and the Central Lenin stadium in Moscow for the match between the USSR and Island, which took place on 31 May 1989)

its trade negotiations with the Soviet Union.<sup>602</sup> Starting with the 1972 European Cup, almost the entire Soviet national team was wearing the iconic Adidas shoes with the three stripes. This marks the beginning of the relationship between Adidas and the Soviet Football Federation. In fact, the year 1972 is no coincidence; Dassler was able to build contacts with Soviet dignitaries during the 1972 Munich Olympic Games.<sup>603</sup> In 1972, Dassler hired Christian Jannette, who was the chief of protocol of the Munich Olympic Games, and who had good connections with Soviet officials. During the 1976 Montreal Olympics, Jannette organized a trip to Niagara Falls for the Soviet sport minister Sergei Pavlov and Mikhail Mzareulov, the head of protocol for the Soviet delegation. The trip had to be arranged in secret since Soviet authorities in Moscow were opposed to it, and the Soviet officials used a private jet owned by Adidas for the excursion. In advance of the 1980 Olympics, Jannette made over 60 trips to the Soviet Union, including one to Yakutia, a region for which even most Soviets needed a visa. It was through Jannette that Adidas built a monopoly as the only sporting goods supplier in the Soviet Union.<sup>604</sup>

In the 1980s, Horst Dassler negotiated a deal that provided Soviet athletes with Adidas products for international competitions. These deals, however, came with a big financial hit: in 1988 for example, *Argumenty i Fakty* reported that the USSR state committee for sport was to receive \$18 million over the next four years from Adidas.<sup>605</sup> In the article itself A. P. Progrebnoi, the head of the foreign economic relations of Goskomsport, explained that Goskomsport was completely financially independent of the overall state budget thanks to foreign sponsorship

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<sup>602</sup> Mihir Bose. *The Spirit of the Game*. (London, 2011), 400.

<sup>603</sup> Barbara Smit, *Pitch Invasion: Adidas, Puma and the making of Modern Sport*. (London, 2006), 180.

<sup>604</sup> *Ibid.* 180.

<sup>605</sup> *Argumenty i Fakty* January 09, 1988. 6.

deals such as the one with Adidas. He also reported that the Soviet Union had negotiated licenses with Adidas to produce certain sports equipment products in the Soviet Union, in order to raise the local production of sporting goods to a higher level. Adidas, according to Progrebnoi, had started to produce shoes in the Soviet Union that were to be worn by Soviet athletes. In the interview Progrebnoi also made it clear that athletes, in particular football players, should not have worn Adidas products in domestic competitions since this was illegal. He did, however, understand why certain players chose Adidas over the local goods since Adidas products were of a higher quality: ‘it is ironic, but Soviet industry has failed to produce items such as well-fitting goalkeeper uniforms.’<sup>606</sup> Adidas was certainly the favoured choice of football players in the Soviet Union; in particular the Dinamo teams from Moscow, Kiev, and Tbilisi wore Adidas jerseys, shoes, and pants, not only for international matches, but also for domestic matches. Most importantly, the flagship of Soviet football, the national team, wore Adidas jerseys for all international games. In the 1980s, the three Adidas stripes began to appear more often on football jerseys, as is evident from the very same YouTube videos that were used to examine the amount of sponsorship in Soviet football stadiums.

But how did Adidas benefit from the deal? At the time the Soviet Union had no open market, and Soviet athletes wearing the three stripes did not translate into sales for the company on the Soviet market. Horst Dassler was very good at signing financial contracts that required athletes to wear his shoes, but financial benefits would not work with Soviet football players. Instead Dassler invited Soviet sports officials to Adidas’ French headquarters in the Alsace, as

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<sup>606</sup> *Ibid.*

well as to a hotel in Paris. As the sport's journalist Mihir Bose writes: 'Soviet officials made it clear that on such trips they expected Adidas to finance their shopping fancies and Dassler was happy to oblige.'<sup>607</sup> In retrospect it can be argued that Adidas was creating a future market, but the fall of the Soviet Union, and the opening of the market, was definitely not foreseeable, especially in the 1970s when Dassler began his forays into the Soviet arena. Instead, the sponsorship deal with the Soviet Union was part of a larger project in which Horst Dassler attempted to gain influence in the global sporting world.<sup>608</sup> The return, for Dassler, was political influence rather than sales: as Bose explains, 'Dassler courted world leaders and was probably better known inside the Kremlin than many heads of states.'<sup>609</sup> The deal with the Soviet Union was not the only deal that Dassler made with a dictatorship: he was also able to convince Erich Honecker, the leader of East Germany, that East German athletes should wear Adidas shoes instead of the East German brand Zeha.<sup>610</sup> Adidas would use the influence that it had created with sports officials around the world to become the premium sponsor for international tournaments, such as the Olympics, the European Football Championship, and most importantly the FIFA World Cup.

Horst Dassler died in 1987 and by that time many teams in the Soviet Union were wearing jerseys made by Adidas for international and domestic games. The company itself, however, was running into financial difficulties and the French tycoon Bernard Tapie bought it in 1990. Tapie specialized in reviving struggling businesses. He had made a name for himself as

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<sup>607</sup> Bose. *The Spirit of the Game*, 413.

<sup>608</sup> *Ibid.* 413.

<sup>609</sup> *Ibid.* 413.

<sup>610</sup> *Ibid.* 413.

the owner of the French football team Olympique Marseille. In 1995, however, Olympique Marseille was found guilty of game manipulation, and as a result was banned from European football and relegated to the French second division, and Tapie was banned from football. As part of the match fixing scandal, *Izvestiia* also reported that it had come to light that one of the games that Olympique had fixed was the semi-final of the 1991 European Cup against Spartak Moscow. The police discovered this during an interview with Jean-Pierre Bernes, an official of Olympique. Officials from Spartak and the Russian Football Union denied any allegation of match fixing. Iurii Shliabin who was the president of Spartak in 1991 said that neither he, nor the manager Oleg Romantsev, nor president Starostin had ever heard of any deal made with Olympique. Shliabin also said ‘100,000 people saw the match—they would have known if something was wrong.’<sup>611</sup> The president of the Russian Football Union Koloskov also stated that he did not believe that Spartak was involved in any kind of match fixing.<sup>612</sup> The match in question, took place in April 1991 when the Soviet Union was still in existence. The kit provider for both teams was Adidas, and Spartak was still struggling with the changes that had accompanied the free market economy that had been introduced into the Soviet Union. Tapie would have had the political and economic influence to make a deal with Spartak Moscow that would guarantee Spartak giving Olympique a pass to the final.

With the breakup of the Soviet Union and the advent of the free market economy in Russia and the former Soviet Republics, football clubs and football federations were free to sign

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<sup>611</sup> *Izvestiia* November 7, 1995.

<sup>612</sup> *Ibid.*

equipment deals with sport companies. Many clubs stayed with Adidas in the early 1990s, but numerous other sports companies made their forays into the now globalized sports equipment market. By 1999 all the major shoe companies (Adidas, Nike, Reebok, Umbro and many more) were equipping teams with shoes, goalie equipment and, most importantly, jerseys.<sup>613</sup> The 1994 World Cup was the first international competition for the newly independent Russian national team, and the shirts were no longer provided by Adidas, but instead were supplied by the American company Reebok. After the debacle at the 1996 European Championship, the Russian Football Union signed a new deal with Nike, which lasted until 2008. Today the Russian national team, like its Soviet predecessor, wears the three stripes that represent Adidas. For the 2010 World Cup, Adidas produced a jersey that made a play on the Soviet legacy of the Russian national team, combining it with traditional Russian elements such as the tsarist empire; the golden thread symbolized the golden roofs of the orthodox churches, and the red symbolized the red stars of the Kremlin, as well as the red colour of football jerseys of the Soviet national team.

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<sup>613</sup> Edelman, 'There are no rules on planet Russia: post-Soviet spectator sport', 231.



Picture 5



Source: 'Adidas Kit Ad Campaign'<sup>614</sup>

Jeremy Morris explains that advertisement in Russia 'is often interconnected with a focus on the 'greatness' and implicit destiny of the nation, tracing pre-revolutionary excess to the boundless

<sup>614</sup> <http://therightwinger.co.za/2009/11/adidas-kit-ad-campaigns/> accessed 23. Mar. 2012.

human and material resource of today's Russia.'<sup>615</sup> The ad campaigns for the World Cup were produced in November 2009, but ultimately the Russian national team that reached the semi-final of the 2008 European Cup failed to qualify for the 2010 World Cup that took place in South Africa. Yet the equipment deal with Adidas highlights the cultural importance of the football jersey. As stated in the campaign, 'every team needs a shirt with a story.'

The players do not care very much about the look of the jersey they wear, or the cultural symbols that are woven into the fabric. Players often talk about the honour of wearing a certain jersey, but in fact, the advertisement campaign by Adidas is targeted at the fan. Football fans are very nostalgic, and often bask in the past glories of their favourite teams. The jersey advertising speaks of a nation that was still trying to find the right way to come to terms with its heritage, which in this case was ultimately a combination of Tsarist and Soviet nostalgia. Liubov' Borusiak writes in her article *Soccer as the Catalyst of Patriotism* that Russians especially 'feel pride in regard of their grand history (as in the case of the Great War for the Fatherland), this feeling also relates not to the present but the past eras.'<sup>616</sup> The 2009 Adidas jersey was able to incorporate all these elements of national pride and nostalgia.

#### The 1990s: Football Sponsorship and *Kapitalizm*

By 1991, the product placement inside the stadium in the Soviet Union became as varied as in the West. Billboards went up, advertising a myriad of products, most of them produced by brands from Western Europe and the United States. The drive to capture Russia as a new market

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<sup>615</sup> Jeremy Morris, 'Drinking to the Nation: Russian Television Advertising and Cultural Differentiation', *Europe-Asia Studies*, Vol. 59. No. 8. (Dec., 2007), 1388.

<sup>616</sup> Liubov' Borusiak, 'Soccer as a Catalyst of Patriotism', *Russian Social Science Review*, Vol. 51, no. 1 (January-February 2010), 76.

was further fuelled by scholarship published regarding Russia in the early and mid-1990s which suggested that the country was successfully proceeding on the path from communism to capitalism. Books such as Poe Richard's *How to Profit from the Coming Russian Boom* (1993), Anders Aslund's *How Russia Became a Market Economy* (1995), Richard Layard and John Parker's *The Coming Russian Boom* (1996) emphasized Russia's status as a hot investment in the early 1990s. As a result, the early 1990s saw many international advertisement agencies sweep into the relatively untapped post-Soviet advertisement market. International corporations started buying up advertisement space on national television and on billboards around cities as well as at football games—advertisements for products which did not always correlate to the actual needs of the post-Soviet population. As Jeremy Morris explains in his article, 'Drinking to the Nation: Russian Television Advertising and Cultural Differentiation':

Advertisement for cat food, anti-perspirants and nappies ignored the realities of post-Soviet life while creating a dream world which revealed an idealized view of Western life that barely corresponded to the immediate post-Soviet experience of unbridled capitalism.<sup>617</sup>

Jeremy Morris explains the state of advertisement on Russian TV, but his description could likewise be applied to football stadiums, where companies from the West also dominated product placement. Advertising in post-Soviet football stadiums mostly reflected the economic euphoria that surrounded Russia after the collapse of communism. The untapped consumer market that the former Soviet Union represented, especially intrigued Western companies. A report in 1990, for example, indicated, 'The marketplace is comprised of 286 million relatively well-educated consumers with a wide variety of unfulfilled needs and wants.' In 1989 it was suggested that the unsatisfied consumer demand was 165 billion roubles.<sup>618</sup> This market optimism continued into

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<sup>617</sup> Morris, 'Drinking to the Nation: Russian Television Advertising and Cultural Differentiation', 1391.

<sup>618</sup> Larsen and Green, 'Export Opportunities in a Crumbling Economy: The Soviet Union in 1990', 71.

the 1990s and, as a result, foreign companies were eager to be the first to advertise in any possible location, including at football games.

Edelman describes the change of scenery that took place in the transition years following the fall of communism in Soviet Union:

the old starkness of the domestic Soviet league events has been replaced by the standard hoopla for contemporary capitalist sport spectacle production, including dancing girls (and bears), laser shows, and production giveaways.<sup>619</sup>

Russia made great strides in marketing football as an entertainment product that could be used for the benefit of commercial enterprises. Russian football was affected by the whirlwind of foreign investment groups and soon the non-Russian domination of advertisement almost led to a backlash as Russians began to view foreign advertisement as commercialized indoctrination that undermined Russian values and culture by enforcing a perception of domination by the United States. American products such as Pepsi, Coca-Cola, or Snickers became emblems ‘for a better life, but also symbolized a perceived cultural, economic and political imperialism [by the United States].’<sup>620</sup> The problem was, however, that Russian teams in the 1990s were completely dependent on sponsorship money from Western companies in order to finance their operations. Many Russian companies were still coming to grips with the economic changes of post-Soviet capitalism, and they simply did not have enough money to spend on advertisement at football games.

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<sup>619</sup> Edelman, ‘There are no rules on planet Russia: post-Soviet spectator sport’, 231.

<sup>620</sup> Morris. ‘Drinking to the Nation: Russian Television Advertising and Cultural Differentiation’, 1392.

The Russian Football Union also soon realized that the league in itself was marketable and the idea of a name sponsor was soon introduced for the top division of the Russian football league. The idea to sell the naming rights of a football league to a sponsor was not entirely new: in England, the recently created Premier League sold its naming rights to the brewing company Carling in 1993.<sup>621</sup> Name sponsoring for a football competition was still deemed highly controversial in the early to mid-1990s, and England's top flight was indeed to remain one of the only top leagues to carry the brand name of a corporation. The football federations of Germany, Spain, and Italy have certainly been reluctant to introduce name sponsoring for their premier football competitions, a stand that continues to the present day. In Russia, however, the Russian Top League signed a marketing deal with the American sports marketing company IMG, which then sold the league's naming rights to the toothpaste company Stimorol.<sup>622</sup> Spearheaded by the American lawyer Mark McCormack, IMG became one of the first international marketing companies to invest in Russian sport. By signing an agreement with the Russian Football Union and the Professional Football League, IMG received the exclusive right to sign advertisement deals with other companies in the name of Russia's Top Division, which was an attempt to centralize sport marketing in Russian football. The deal determined that IMG receive an unnamed percentage of any sponsorship deal signed. The contract signed between IMG, and the Professional Football league guaranteed a sum of \$3 million per season for the league and all the clubs participating in the championship, with an additional bonus of \$500,000 for the league winner. In return, IMG signed a sponsorship agreement with Stimorol and the league was called Stimorol Chempionat Rossii. Clubs also had to wear patches of the company on the sleeves of

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<sup>621</sup> <http://www.premierleague.com/en-gb/about/history.html> accessed 2 June 2014.

<sup>622</sup> *Izvestiia* April 1, 1995. 4.

their jerseys, and the company received the right to place billboard sponsoring in all the stadiums, as well as to receive advertisement space during the broadcasts of football games. The contract was to run for three years with a two-year extension option for Stimorol.<sup>623</sup>

Hygiene product companies like Stimorol, Proctor & Gamble, and Colgate-Palmolive were especially present in the post-Soviet market. The advertisement objective for these companies was to establish brand names, rather than to promote product availability. Soviet and post-Soviet consumers, however, were unaccustomed to this sort of western-style advertisement that aimed at creating brand awareness rather than promoting good cheap products. Many western products were much more expensive than domestic products.<sup>624</sup> By the mid 1990s, therefore, many western companies realized that their traditional advertisement strategy in Russia had failed. In 1997 Stimorol, for example, decided to pull out of the sponsorship deal with the Russian Football Union and the Professional Football League when the initial contract ran out. Also, the President of the PFL wanted to renegotiate the deal with IMG, as the league felt that \$3 million was no longer sufficient. IMG, however, was reluctant to renegotiate the contract with the PFL and the Russian Football Union, as the deal with IMG was good all the way through to 1999 and included a yearly 12 per cent rise.<sup>625</sup> IMG then replaced Stimorol with the American company, Pepsi, from 1997 to 2000.<sup>626</sup> The deal between IMG, Pepsi, and the PFL could not have come at

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<sup>623</sup> *Kommersant* March 24, 1995. <http://www.kommersant.ru/doc/105048> accessed 2 June 2014.

<sup>624</sup> Wells, 'Western Concepts, Russian Perspectives', 89.

<sup>625</sup> *Kommersant* March 22, 1997 <http://www.kommersant.ru/doc/174775> accessed 2 June 2014.

<sup>626</sup> <http://lenta.ru/news/2006/07/11/footgosstrah/> accessed 2 June 2014.

a better time, as it guaranteed the financial stability of the league in what would turn out to be the most turbulent financial period of the Russian Federation since the fall of the Soviet Union.

#### Post-1998 From Sponsorship to Ownership Sponsorship in Russia and Ukraine

By mid-1998, currency inflation and the underpayment of taxes by Russians meant that the government of the Russian Federation was in deep financial trouble, and by mid-August the El'tsin administration concluded that it could no longer afford to participate in what could only be called check fraud. The government was no longer able to find enough lenders who were able and willing to buy state securities, and this, combined with the fact that the government had run out of hard currency meant that the state faced bankruptcy. On 17 August 1998, the Treasury and the Central Bank announced that they could no longer satisfy their lenders. Last minute loans provided by IMF and Goldman Sachs did little to stem the tide of the country's relentless progression toward bankruptcy. The financial collapse of the Russian Federation meant the collapse of 1,500 banks owned by the first generation of oligarchs who had used the loan for shares deals of the early 1990s in order to open banks. The only oligarchs to survive the crash of 1998 were those who had insider information and secured their funds by purchasing natural resource companies. Mikhail Khordokovskii, for example, used funds from his Menatep bank to purchase the oil company Yukos in a loan for shares auction, and although the oil price had dropped to as low as \$15 a barrel in 1998 due to the general slowdown of the world economy, resource companies would soon prove to be a secure investment for those oligarchs who had bought them prior to the financial crash of 1998. Those companies along with their oligarch owners would provide the base of Russia's economic recovery in the early 2000s.<sup>627</sup>

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<sup>627</sup> Goldman, *Petrostate*, 73-77.

The financial meltdown of 1998 and the relatively quick recovery of the Russian market also had an impact on football sponsorship in the Russian Federation. The first decade of the 21<sup>st</sup> century would see an increase of advertisement contracts signed between large Russian energy corporations and Russian football clubs. Russia's quick recovery from the economic collapse of 1998 was mostly due to the fact that the oil price rose to \$33 a barrel in 2000. The oligarchs who had invested in resource companies in 1998 realized Russia's oil potential and invested in new technology to increase the production of oil and also to explore previously untapped oil fields. By 2006 Russia was producing more crude oil than even Saudi Arabia, and Russia for the first time since 1992 became the world's largest producer of petroleum.<sup>628</sup> The renaissance of Russia's oil industry had a direct effect on sponsorship and advertisement in Russian football.

LUKoil became the first major Russian oil company to sponsor a football club, when it signed a deal with Spartak Moscow in 2000, beating out multi-national companies such as Heineken and Ford. Although financial details of the sponsorship contract between Spartak and LUKoil were undisclosed, the chairman of LUKoil Vagit Alekperov stated at the time that LUKoil had a sport budget of \$7 million, and Spartak stated that the sum of the contract was larger than the previous sponsorship deal with the electronics company AKAI, which was worth \$800,000 a year. LUKoil was especially interested in signing a sponsorship agreement with Spartak because the club was a regular participant in international competitions such as the UEFA Champions League, and this would guarantee international exposure for the oil

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<sup>628</sup> *Ibid.* 77-80.



company.<sup>629</sup> As described in detail in the ownership chapter, the agreement between Spartak and LUKoil grew into a relationship that saw one of the principal shareholders of LUKoil, Leonid Fedun, become the owner of the club.

Spartak did not remain the only club to be backed by a resource-based company. In March 2004, the oil company Sibneft signed a three-year sponsorship agreement with TsSKA Moscow, worth \$54 million, in what was the largest sponsorship agreement for any Russian club up to that moment. The sponsorship agreement was, however, ended after just two years when Roman Abramovich, the owner of Sibneft, sold the oil company to Gazprom. ‘A new owner has arrived and does not see the point of promoting the brand of a subsidiary company,’ Sibneft spokesman Alexei Firsov said.<sup>630</sup> Sibneft’s sponsorship agreement with TsSKA was also not without controversy as Roman Abramovich had also purchased the London club Chelsea FC in 2003,<sup>631</sup> and the two clubs were drawn in the same group of the UEFA Champions League in 2004. This prompted an investigation, by UEFA, into the exact ownership structure of the Moscow club.<sup>632</sup> TsSKA was later cleared of being directly influenced by Roman Abramovich or anyone else involved at Chelsea FC, and the teams were allowed to compete against each other in European competitions.

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<sup>629</sup> *Moscow Times* March 18, 2000 <http://www.themoscowtimes.com/news/article/lucoil-scores-3-year-sponsorship-of-spartak-moscow/265374.html> accessed 3 June 2014.

<sup>630</sup> *Moscow Times* November 29, 2005. <http://www.themoscowtimes.com/sitemap/free/2005/11/article/cska-loses-sibneft-backing/208311.html> accessed 3 June 2014.

<sup>631</sup> <http://news.bbc.co.uk/2/hi/3036838.stm> accessed 3 June 2014.

<sup>632</sup> *Moscow Times* August 27, 2004. <http://www.themoscowtimes.com/sitemap/paid/2004/8/article/chelsea-cska-draw-sparks-investigation/228731.html> accessed 3 June 2014.

In 2012, the following clubs topped the sponsorship table in the Russian Premier League: Spartak Moscow received \$5 million from LUKoil, TsSKA Moscow got \$9 million from Russian Aeroflot, Zenit Sankt Petersburg obtained \$19 million from Gazprom, and Lokomotiv Moscow received \$30 million from RZhD (Russian Railways).<sup>633</sup> These numbers, however, do not take into consideration the fact that both Zenit and Lokomotiv are owned directly by their respective sponsors, and Spartak is owned by one of the principal shareholders of LUKoil, Leonid Fedun. These clubs function as advertising platforms for the corporations that own them. The new Financial Fair Play (FFP) rules that were introduced by UEFA in 2009 have made it necessary for certain ownership groups to mark their investment as sponsorship agreements rather than as straight up investments. FFP considers direct investments by the ownership as loans, but allows for sponsorship agreements between the owner, and the club. This explains why at Lokomotiv, Zenit, and Spartak, the owner is also presented as the official sponsor of the club.<sup>634</sup>

There are additional benefits beyond FFP compliance in merging the identity of a big corporation with a successful club. Today, Zenit Sankt Petersburg and Spartak Moscow are two of the three most popular clubs in Russia (the other is TsSKA Moscow). The identities of these clubs have practically merged with those of their main sponsors. The Zenit colour scheme, for example, is identical to that of its main sponsor and owner—gas giant Gazprom. Both Zenit and Gazprom use the sky-blue and white colour scheme. Both institutions used this colour scheme

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<sup>633</sup> <http://rt.com/business/aeroflot-will-sponsor-russian-cska-football-club-922/> accessed 2 June 2014.

<sup>634</sup> For more information on Financial Fair Play please visit: <http://www.uefa.com/community/news/newsid=2064391.html> accessed 8 March 2015.

prior to Gazprom's investment in the football club, but Zenit's colours were altered in order to make the link between Gazprom and the Zenit unmistakable. Pictures 6 and 7 show the transformation of the Zenit jersey since Gazprom took over as the sponsor of the club in 2000.

Picture 6



Source: 'FC Zenit's Kit' *FC Zenit official website*<sup>635</sup>

<sup>635</sup> <http://en.fc-zenit.ru/main/history/colors/> accessed 26 March 2012.

Picture 7



Source: 'FC Zenit's Kit' *FC Zenit official website*<sup>636</sup>

The transformation of the jersey became even more drastic after Gazprom became the majority owner of the club in 2005.<sup>637</sup> In 2008 the colours of the jersey were changed from dark blue to the lighter sky-blue variant, which more closely resembles the colour scheme of the Gazprom Corporation. Similarly, Zenit, which evolved from a mediocre Soviet team to a top class Russian team with one of the highest budgets in Europe that plays successfully in the Champions League, had a specially made kit provided by the American sports apparel brand Nike. Most clubs use generic kit designs, and Nike, just like Adidas, only produces unique jerseys for its top brand clubs. Zenit's new kit was introduced in the spring of 2011 to mark the beginning of the 2011/12 football season. Together with the new kit, Nike also launched an extensive advertisement

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<sup>636</sup> <http://en.fc-zenit.ru/main/history/colors> accessed 26 March 2012.

<sup>637</sup> *Sport Ekspress* December 25, 2005. <http://news.sport-express.ru/2005-12-25/114230/> accessed 11 June 2014.

campaign in the city of Sankt Petersburg, introducing the new football kit under the slogans ‘Nashe imia Zenit’ (Our name is Zenit) and ‘Novaia domashniaia forma’ (the new home kit).

Picture 8



Source: ‘FC Zenit’s Kit’ *FC Zenit official website*<sup>638</sup>

Through Nike and Gazprom, Zenit has indeed developed a corporate identity. According to an independent analysis conducted in 2010, no club from the former Soviet Union had more supporters than Zenit;<sup>639</sup> 60 per cent of Sankt Petersburgers support the club actively and 80 per cent of the citizens of Sankt Petersburg believe that the club is a symbol of the city of Sankt Petersburg.<sup>640</sup> The club is highly visible in the city, with several flagship stores including a two story Zenit fan-shop on Sankt Petersburg’s famous Nevskii Prospekt. In an increasingly global environment ‘thematization of locality and nationality’ have become increasinly important.<sup>641</sup>

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<sup>638</sup> <http://en.fc-zenit.ru/main/history/colors/> accessed 26 March 2012.

<sup>639</sup> For a list of Europe’s most popular football clubs see: <http://www.sportundmarkt.com/index.php?id=5199> accessed 11 June 2014.

<sup>640</sup> <http://en.fc-zenit.ru/main/club/> accessed 11 June 2014.

<sup>641</sup> Tim Edensor, and Steve Millington. ‘‘This is Our City’’: branding football and local embeddedness’, *Global Networks* 8, 2 (2008), 173.

This is especially illustrated in Zenit's rebranding in the years following the takeover by Gazprom, which firmly roots not only the club but also Gazprom in the city of Sankt Petersburg.

The same study that had Zenit ranked as the most supported club of the former Soviet Union, still ranked Spartak in the top 20 in Europe, but the club had fallen behind both Zenit and, even worse, below its cross-town rival TsSKA Moscow.<sup>642</sup> Spartak was sponsored from 2000 onwards by LUKoil.<sup>643</sup> From 2003 to 2004 the English company Umbro equipped the club. Umbro made almost no attempt to design a shirt that was in keeping with the traditional Spartak uniform. Instead, the Umbro kit that Spartak used was a generic red without the white horizontal stripe. Spartak began to perform poorly and Umbro's equipment sponsorship at Spartak is now associated with the mediocrity of the club's 2003 and 2004 seasons. This is especially evident when browsing through several Spartak fan pages that currently exist on the Internet. Fans were disappointed with the fact that the horizontal white ring had been taken off the Spartak kit; this move was described as a break with the Spartak tradition.<sup>644</sup> When Fedun, who is not only the owner but also a Spartak fan, took over Spartak, a deal was negotiated with Nike, in which there was a return to a more traditional kit design for Spartak, as shown in Picture 9.

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<sup>642</sup> <http://www.sportundmarkt.com/index.php?id=5199>

<sup>643</sup> *Komsomol'skaia Pravda* June 1, 2004. 14. Feb. 2012. <http://www.kp.ru/daily/23288/29289/> accessed 14 June 2014.

<sup>644</sup> <http://fanat1k.ru/news-65118-spartak-vernetsya-k-trem-poloskam.php> accessed 11 June 2014.



Picture 9



Source: 'Istoriia 2006 goda. 2-e mesto v chempionate Rossii' *RedWhite.ru*<sup>645</sup>

Just like at Zenit, Spartak began to incorporate more and more elements of LUKoil into the Spartak brand. The return to the more traditional Spartak uniform is part of a global trend in which marketing companies realize that football brands have an extraordinarily strong sentimental value, which can prove to be profitable for the corporate sponsor. Prior to the 2011 season, Nike released a Spartak jersey without a sponsorship slogan, which had a strong association to Spartak jerseys of the past.

Like Zenit and Spartak in Russia, Ukraine's major football club, Shakhtar Donetsk, also become closely associated with its major sponsor in the early 2000s. In Ukraine, most major football clubs have fallen under the control of major businessmen also known as oligarchs. The

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<sup>645</sup> [http://www.redwhite.ru/spartak/history/news\\_detail.php?ID=3884](http://www.redwhite.ru/spartak/history/news_detail.php?ID=3884) accessed 27 March 2012.

relationship between these men and football clubs has been discussed extensively in Chapter 2. But in addition to using football clubs as political tools, clubs also became important marketing vehicles for the companies that the oligarchs own. Shakhtar Donetsk, Ukraine's most successful club since 2000, for example, wears the sponsorship slogan of System Capital Management (known as SCM), the largest financial and industrial holding group in Ukraine, and the primary sponsor of the football club since 2006. The mission statement of SCM describes the unique relationship between the club and its major sponsor:

Today FC Shakhtar is more than just a club: we establish new benchmarks and standards in the art of football! This is proved by many things: the European record of our club's achievements, unique football infrastructure, a children's and youth academy and the latest technologies in sports medicine... Also, the new stadium has become a real pilgrimage site for tourists and a recreational place for the city residents.<sup>646</sup>

Shakhtar Donetsk's owner Rinat Akhmetov, who founded SCM Holding in 2000, has held 99.98 per cent of the company's shares since 2009.<sup>647</sup> In some way, SCM Holding is merely a way to provide the club with real financial income through sponsorship, in what can be seen as a way to circumnavigate UEFA Financial Fair Play regulations, which are aimed at increasing the financial sustainability of football clubs in Europe.<sup>648</sup> In addition, sponsorship agreements between corporations and football clubs help to more firmly root the club in the corporate identity of the owner, as is the case with Rinat Akhmetov in Donetsk, Gazprom in Sankt Petersburg, and Leonid Fedun/LUKOil at Spartak. This is a model that has since been copied by

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<sup>646</sup> <http://www.scmholding.com/en/business/sectors/football/shakhtar/> accessed 9 June 2014.

<sup>647</sup> <http://news.finance.ua/ru/~1/0/all/2009/04/08/157075> accessed 9 June 2014.

<sup>648</sup> For the exact regulations regarding UEFA's FFP rules please see: <http://www.uefa.com/community/news/newsid=2064391.html> accessed 11 June 2014.



large investors from the Middle East, who have taken over leading football clubs in England and France (see Manchester City and Paris Saint-Germain).

### ‘We Light the Football’: Gazprom’s Football Sponsorship Empire

Zenit in many ways served as the starting point in the creation of Gazprom’s football empire, which included advertisement and sponsorship deals with major football clubs in Western Europe, as well as corporate agreements with football federations such as UEFA and FIFA. Gazprom’s investment in football is along the same line as sponsorship agreements instigated by government institutions of the Middle East. Just months after Qatar’s successful bid to host the 2022 World Cup, the Qatar Foundation signed a £125 million deal with the Spanish football club FC Barcelona in December 2010. The Qatar Foundation is chaired by Her Highness Sheikha Mozah Bint Nasser Al-Missned, the wife of the Emir, and is a non-profit organization that primarily funds education projects in the Middle East.<sup>649</sup> Through sponsorship of one of the world’s most prominent football clubs, the Qatar Foundation’s objective was to improve Qatar’s image. The Qatar Foundation is just one of many examples of Middle Eastern state owned foundations that have discovered football as a vehicle to improve the image of countries from the Arabian peninsula. Another example is French club Paris Saint-Germain, which was bought by the Qatar Investment Authority, which is directly controlled by Sheikh Hamad bin Jassim bin Jaber Al Thani, in 2012.<sup>650</sup> In many ways these brands have followed in the footsteps of Gazprom’s sport development program.

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<sup>649</sup> <http://news.bbc.co.uk/sport2/hi/football/europe/9276343.stm> accessed 4 June 2014.

<sup>650</sup> *Le Parisien* March, 7 2012. <http://www.leparisien.fr/psg-foot-paris-saint-germain/le-qatar-sans-limite-07-03-2012-1893594.php> accessed 4 June 2014.

In addition to operating and owning one of Russia's most successful clubs, Gazprom has also facilitated connections with major football clubs in Western Europe through sponsorship agreements. In 2012, for example, the company signed an advertisement deal with Chelsea FC, in which the company became the official energy supplier to the football club.<sup>651</sup> The deal between Gazprom and Chelsea is perhaps less surprising given Roman Abramovich's close connections to the upper echelons of the Russian government. For Gazprom, the deal meant prime-time advertisement space at one of the world's most supported football clubs. For Chelsea, which like the Ukrainian club Shakhtar was dependent on the millions invested by a single owner, the deal with Gazprom meant less dependency on Abramovich's funds which, in the light of the newly introduced Financial Fair Play regulations introduced by UEFA in 2009, became crucial for the club and its ownership. Thanks to the millions invested by Gazprom, the club was able to run a profit in 2012, which was the first time the club was in the black since Abramovich took over in 2003.<sup>652</sup>

Another club that has become part of the Gazprom Empire is the German Bundesliga club FC Schalke 04 from Gelsenkirchen. Gazprom became the principal sponsor, or shirt sponsor, of Schalke in 2007. The deal was the first step in what would become a global image campaign of the Russian gas company designed to improve the image of a company that was associated in Western Europe with corruption and was seen as a soft power weapon of the Russian government in the near abroad. Gazprom had hired an American PR company with the intent to improve the image of the company; football was deemed one of the most efficient ways

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<sup>651</sup> <http://www.chelseafc.com/chelsea-article/article/2852061/title/gazprom> accessed 4 June 2014.

<sup>652</sup> *Guardian* November 9, 2012. <http://www.theguardian.com/football/2012/nov/09/chelsea-record-profit-roman-abramovich-era> accessed 4 June 2014.

to promote Russian gas in Western Europe.<sup>653</sup> Schalke received €125 million for the five year contract that it initially signed with Gazprom; the club had been in a dire financial situation at the time and gas millions from Russia gave the club much needed financial breathing space.<sup>654</sup> That Gazprom is much more than a sponsor of Schalke was demonstrated in 2011 when the Russian government tried to intervene in the daily operations of the club. As the German newspaper *Welt* reported, Vladimir Putin, the then Prime Minister of Russia, contacted the chairman of Schalke, Clemens Tönnies, personally to stop the transfer of Germany's national team goalkeeper from Schalke to the Munich based club FC Bayern. Putin offered extra funds to convince Manuel Neuer to stay in Gelsenkirchen, a deal that the goalkeeper would later refuse.<sup>655</sup>

The connection between Gazprom, Russia, and Schalke remains strong, and indeed Tönnies himself has benefitted from the partnership by using it to expand his own company Tönnies Fleischwerke (a meat producer) in the Russian Federation. Tönnies Fleischwerke, with an annual revenue of €5 billion has targeted Russia as a lucrative expansion market, and has already invested €200 million by building meat production facilities in the Voronezh region.<sup>656</sup> In many ways Schalke has become a political negotiation tool between the Kremlin and the meat producer. The political links between the leadership of the club, Putin, and Gazprom became a major source of debate in 2014 when the club was scheduled to travel for a state visit to Moscow

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<sup>653</sup> *Der Spiegel* January 20, 2007. <http://www.spiegel.de/sport/fussball/gasprom-vorstellung-auf-schalke-glasperlen-und-fleecepullis-a-461112.html> accessed 9 June 2014.

<sup>654</sup> *Der Spiegel* October 10, 2006. <http://www.spiegel.de/sport/fussball/gasprom-einstieg-schalke-wird-nie-ein-zweites-chelsea-a-441881.html> accessed 9 June 2014.

<sup>655</sup> *Welt* October 26, 2011. <http://www.welt.de/sport/fussball/bundesliga/fc-schalke-04/article13681553/Putin-wollte-Neuers-Transfer-zu-Bayern-verhindern.html> accessed 11 June 2014.

<sup>656</sup> *Frankfurter Allgemeine Zeitung* March 9, 2014. <http://www.faz.net/aktuell/sport/fussball/schalke-04-zu-putin-schweinschaxen-sind-nicht-mehr-genug-12839024.html> accessed 11 June 2014.

during the Euromaidan crisis that was taking place in Ukraine. In reaction to the Euromaidan protests in Kiev and in reaction to Russia and Gazprom's role in the conflict that began in early 2014, many fans of the club have become critical of Schalke's link with the Russian government.<sup>657</sup>

On the official homepage of Gazprom, the company lists Schalke as part of a social development and sports program, announces that 'Gazprom and Germany are linked together by football and FC Schalke 04', and in addition, the homepage reads 'Germany is a large consumer of Russian gas and a long-standing partner of Gazprom'.<sup>658</sup> Indeed without the millions of euros invested by Gazprom, Schalke might have experienced financial pressure to the point of bankruptcy. The club's relationship with Gazprom might be described as a metaphor for Russia's relationship with Germany and the rest of Europe. In 2014, Tönnies Fleischwerke was one of 6,100 German companies that were economically involved in the Russian market, and the German economy was deeply dependent on natural resources that it imported from the Russian Federation.<sup>659</sup> With the onset of the 2014 Ukraine Crisis and the discussions of economic sanctions to counter Putin's strategy in Ukraine, football clubs like Chelsea and Schalke served as a daily public reminder of the interconnection between the Russian economy and the rest of Europe and the relative co-dependence of the European economy especially when it came to natural resources.

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<sup>657</sup> *Ruhr Nachrichten* March 5, 2014 <http://www.ruhrnachrichten.de/sport/schalke/aktuelles/Gute-Toennies-Kontakte-Geplanter-Besuch-von-Putin-sorgt-fuer-Aerger;art15837,2296670> accessed 11 June 2014.

<sup>658</sup> <http://www.gazprom.com/social/supporting-sports/schalke/> accessed 11 June 2014.

<sup>659</sup> *Tagesspiegel* January 29, 2014. <http://www.tagesspiegel.de/politik/ukraine-haengepartie-in-kiew/9405082.html> accessed 11 June 2014.

Other than sponsoring major football clubs in Russia, Western Europe, and the Balkans, Gazprom has also extended its sponsorship empire by signing sponsorship agreements for major tournaments. In a deal signed with FIFA, Gazprom is the exclusive energy partner (oil, gas and fuels sector) of FIFA and in turn receives the right to use FIFA and World Cup logos in advertisements and sponsorship slogans.<sup>660</sup> Perhaps even more important than the FIFA deal could be Gazprom's sponsorship agreement with the European football governing body, UEFA, to sponsor Europe's premier football competition, the UEFA Champions League. The three-season deal between UEFA and Gazprom was signed in 2012. Gazprom does not invest in football only to promote its image at home or abroad: Russia also can use these investments to directly influence the decision-making processes of major clubs. The Russian Federation is the majority owner of the company and is therefore able to use it as a policy tool.<sup>661</sup> Like a kraken, the company is able to reach its tentacles into the decision-making processes of, for instance, one of Germany's largest sporting clubs, which in turn has an impact on the overall affairs of the Bundesliga and the German Football Federation (DFB). Then German Chancellor Gerhard Schröder and Vladimir Putin, for example, facilitated the deal with Schalke in 2006 amidst the negotiations of the controversial Nord Stream pipeline project. Schalke was, therefore, a lobby mechanism to pave the way for Gazprom to sign further deals with gas companies in Germany in particular. The association with Schalke was an important victory in Gazprom's campaign to improve its image as Schalke's location in the Ruhr meant close association with some of

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<sup>660</sup> <http://en.ria.ru/news/20130914/183441305/Russias-Gazprom-Signs-FIFA-Sponsorship-Deal.html> accessed 3 June 2014.

<sup>661</sup> As a listed company Gazprom publishes its ownership structure on its homepage: <http://www.gazprom.com/investors/stock/> accessed 11 June 2014.

Germany's largest energy firms. Gerhard Schröder hoped to benefit politically; as a Borussia Dortmund fan (Schalke's closest rival) he hoped that bringing substantial sponsorship money to financially troubled Schalke would increase his popularity and secure votes for future elections.<sup>662</sup> This process is also taking place in other economic spheres, as Gazprom has been able to infiltrate major energy companies in Western Europe through minority stakes. Through these minority investments, Gazprom, in theory, has the power to influence policy decisions in countries like Germany, France, and the United Kingdom.<sup>663</sup> For now, the countries in which Gazprom is investing do not consider such projects dangerous. For them, this is a cosmetic matter. Yet, it can be argued that Russia, through Gazprom, is planting the seeds of control under the veil of pursuing major sport projects in Russia, at home, and abroad.

#### Land of Fire: Azerbaijan, the Other Gazprom

Another example of football diplomacy in the former Soviet Union is Azerbaijan's 'Land of Fire' campaign, as well as football advertisement campaigns by the national gas and oil company of Azerbaijan, SOCAR (State Oil Company of Azerbaijan Republic). The 'Land of Fire' campaign initiated by the Azerbaijani Ministry of Tourism included a major sponsorship deal with the Spanish club and 2014 UEFA Champions League finalist Atlético Madrid. The 2014 Champions League semi-final between Chelsea FC and Atlético was played in a competition sponsored by Gazprom and involved a club owned and operated by a Russian oligarch and

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<sup>662</sup> *New York Times* October 1, 2006. [http://www.nytimes.com/2006/10/17/sports/17iht-soccer.3194585.html?\\_r=0](http://www.nytimes.com/2006/10/17/sports/17iht-soccer.3194585.html?_r=0) accessed 10 May 2015.

<sup>663</sup> A full list of Gazprom subsidiaries can be found on the company's homepage: <http://www.gazprom.com/about/subsidiaries/subsidiary/> accessed 11 June 2014.

another that was sponsored by Azerbaijan's tourist board, a situation symptomatic of the change that sport sponsorship has undergone since the fall of the Soviet Union.

Azerbaijan's sponsorship agreement with Atlético is just a small part of the country's ambition on the world stage and at home in the Caucasus. Driven by oil, Azerbaijan and its capital Baku have gone a long way in its investment into infrastructure such as hotels, apartments, and new sporting facilities. Similar to other oil-rich countries from the Middle East and Russia, Azerbaijan has faced criticism over its human rights record. The country has been censured for using Atlético as a propaganda tool to mask its suppression of opposition, restriction of the freedom to protest, limits on freedom of religion, and the forceable eviction of thousands of families to make way for construction projects. Although Atlético has stated that this is a two-way deal that helps to grow the Atlético brand beyond the borders of Spain, it can predominantly be understood as a marketing effort by Azerbaijan to improve the country's tarnished image.<sup>664</sup> The official mission statement on Atlético's homepage even suggested that the link to the tourist board of Azerbaijan goes beyond that of a normal sponsorship agreement:

The link between Azerbaijan and Atlético Madrid is much more than a traditional commercial sponsorship associated with a shirt sponsorship, because it has a tremendous value, as the tool to achieve important goals, through actions of a different nature, sports, commercial, communication, marketing and corporate social responsibility for the benefit of all parties.<sup>665</sup>

Although the initial deal signed between Atlético and Azerbaijan in January 2013 was only worth €12 million, the deal was renewed in the beginning of the 2013-14 season for a higher yet

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<sup>664</sup> *Guardian* May 1, 2014. <http://www.theguardian.com/football/2014/may/01/azerbaijan-sponsorship-atletico-madrid-spectacular-success> accessed 5 June 2014.

<sup>665</sup> <http://en.clubatleticodemadrid.com/noticias/the-atletico-renews-its-agreement-with-azerbaijan> accessed 5 June 2014.

undisclosed fee for another two seasons, and also included wider strategic cooperation between Azerbaijan and the Spanish club.<sup>666</sup>

It is undeniable that football has become one of the major advertising venues for the Republic of Azerbaijan. The state oil company SOCAR signed a major sponsorship deal with UEFA in 2013 in which it became an official sponsor for the UEFA European Championship qualification games, the World Cup qualification games, as well the UEFA Euro 2016 Championship.<sup>667</sup> This deal is similar to Gazprom's deal with UEFA and FIFA and is designed not only to promote Azerbaijani gas and oil exports but also to improve the image of Azerbaijan abroad. While Atlético and SOCAR serve as ambassadors to Western Europe, Azerbaijan has also used its oil wealth to sponsor football clubs and leagues in its own region, especially in the Caucasus. SOCAR, for example, has a strong foothold in the neighboring Caucasus republic of Georgia, where it sponsors the Georgian Umaglesi Liga (Premier League), as well as the Georgian national football team and various local football clubs. The company has been an official sponsor of the GFF since 2011, and has made significant investments in the football infrastructure of the country, including subsidizing the construction of a new stadium for the national team in the Georgian capital.<sup>668</sup>

SOCAR was founded in 1992 and was headed by Ilham Aliiev, the son of President Heidar Aliiev. Now himself the head of state of Azerbaijan, he has used the company to

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<sup>666</sup> *Guardian* May 1, 2014.

<sup>667</sup> <http://www.uefa.org/mediaservices/mediareleases/newsid=1952828.html> accessed 5 June 2014.

<sup>668</sup> *Georgia Today* April 6, 2012. [http://www.georgiatoday.ge/article\\_details.php?id=10012](http://www.georgiatoday.ge/article_details.php?id=10012) accessed 9 June 2014.



strengthen the foundation of Azerbaijani statehood.<sup>669</sup> The company has been used as a soft-power tool and more in the Caucasus region and beyond. On October 14, 2009, the presidents of Turkey and Armenia met in Bursa to watch a football match between the two countries, an event that marked the first steps of diplomatic relations between Turkey and Armenia, and is now often referred to as football diplomacy. Azerbaijan, which had seen conflict with Armenia over the separatist region of Nagorno-Karabakh since the fall of the Soviet Union, considered the possible rapprochement between Turkey and Armenia as a danger to its own political goals in the region and especially in Nagorno-Karabakh. Azerbaijan then negotiated a deal with Russia and Gazprom that would see SOCAR selling gas to Russia, a move that was seen as a political snub to Turkey especially after Ilham Aliyev declared in an official statement that Azerbaijan had been selling gas to Turkey for a third of the world price and would now be looking for alternative markets.<sup>670</sup> For Azerbaijan, SOCAR is, therefore, as much a hard-power tool as Gazprom is for Russia. Through their financial influence they can dictate the fortunes of the teams, and the football federations that they sponsor and can be used to increase political influence in both Western Europe and the South Caucasus. By financially supporting popular teams such as Atlético Madrid in Spain, as well as in international and regional competitions, the country is building a network of international lobby groups that can be used to achieve political goals.

### Conclusion

Football advertisement can function as a reflection of society by showing its economic, and political priorities. This was especially the case for the Soviet Union, and later, the successor states, where major economic actors and state policies are strongly interconnected. In the late

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<sup>669</sup> Thomas de Waal, *The Caucasus*, 172.

<sup>670</sup> *Ibid.* 225.

Soviet period, changes to international trade law and the end of economic subsidizing of sport by the state, under the label of *khozraschet* meant that new ways of financing sport had to be introduced. To make matters worse, the end of the Cold War meant that sport had lost its allure as a propaganda tool. The Soviet leadership expected that fans would finance football clubs, and also that clubs would be able to run a profit that would then pay for expensive sport facilities. As clubs, unlike players, could not be sold off to the west, alternative ways had to be found to use the clubs as financial assets. Advertisement was a logical step as it allowed the state, in the form of Sovintersport, to sell the commercial rights of their clubs to advertisement agencies located in the west. While clubs were forced to become independent from the state through the process of *khozraschet*, the state, in the form of Goskomsport, often maintained commercial rights over clubs, as the example of sponsorship agreements signed between the West and Sovintersport after 1987 highlights.

Sovintersport is a typical example for this period, in that the reform of sport clubs was presented to the public as a great leap forward, a means to compete with the clubs from the West, and a way to modernize Soviet football. The sale of advertisement spaces to foreign companies was intended to show the West as well as the population of the Soviet Union that reforms were working. In reality Sovintersport was just part of a massive sale of state assets in which only a handful of people benefitted. With the end of the Cold War, high performance sport was no longer a vehicle to show the world the superiority of the Soviet citizen, and instead became merely another asset that could be privatized and sold off to the West.

Kit design and sponsorship slogans on football shirts also fit the trend. Adidas was the first company from the West that was able to get a foothold in the Soviet Union. The Soviet football national team already wore Adidas gear at major tournaments in the 1980s, and was even able to use the shoes and equipment of the German sports apparel producer in the 1970s. This produced an oddity at major international tournaments: the Soviet Union, a communist country, was wearing football jerseys produced by the most global sports apparel company of the time. Adidas' involvement with the national team also meant that players were more likely to wear Adidas equipment, such as shoes, at the club level. By the late 1980s most players were wearing Adidas shoes for domestic games, and clubs also started to wear Adidas jerseys, not only for international, but also for domestic games. Adidas, consequently, became associated with the Soviet Union, and the relative success of the Soviet national team. When Adidas returned to sponsor the Russian national team in 2008, the company was able to build on nostalgia and produced an advertisement slogan that played on the national pride of Russian citizens.

After the fall of the Soviet Union, the Russian Top League was the premium-sporting product of the Russian Federation. This high status meant that the football league was able to attract some very notable Russian and foreign companies as sponsors, even though the products on display did not always reflect actual market needs. Indeed sponsorship and advertisement underwent a complete transformation in Russia and other countries of the former Soviet Union in the 1990s. Advertisement, first introduced as a way to earn hard foreign currency for both the football federation of the Soviet Union and the Soviet state, had become a normal part of football culture. In the early 1990s advertisement at the Russian Premier League closely resembled that

of the other major leagues in Europe; sponsorship slogans from major local companies shared the field with those of global corporations, such as Pepsi and Coca-Cola. Advertising in the post-Soviet space followed the major global trend, in which premium companies advertised at the world's most popular and therefore most valuable sport.

Advertisement at football games in Russia and in other post-Soviet states also has reflected the economic changes that the region underwent from the early 1990s to 2014. The economic crash of 1998 directly influenced sponsorship deals in the Russian Premier League. The economic changes experienced in the Russian Federation after 1998 saw an increase in sponsorship from resource based companies that saw football clubs as an opportunity to grow beyond the borders of the Russian Federation. But for some companies, advertising at football games was not enough, and, following the lead of Gazprom, they started to invest in football on a much larger scale. Starting with the purchase of Zenit Sankt Petersburg, Gazprom targeted football as a major vehicle for sports diplomacy. From 2005 (the year that Gazprom bought Zenit) onwards, the company began to build a football empire with improvement of the company image at home and abroad as its goal. This program was continued through advertisement campaigns that included major football clubs in Germany (Schalke) and the United Kingdom (Chelsea), as well as through sponsorship of major football competitions such as the UEFA Champions League. Gazprom's majority holder is the government of the Russian Federation and its advertisement campaign can therefore be identified as sport propaganda for the Russian Federation, rather than the often-suggested term diplomacy. The Gazprom campaign was in many ways copied by countries of the Middle East and republics of the former Soviet Union, such as Azerbaijan. To a great extent, Russia has come full circle in that it has rediscovered that

sport has value as a propaganda tool. Russia is now using modern methods such as advertisement and sponsorship campaigns conducted by its major state-owned corporations.

## **Final Thoughts and Conclusion**

This thesis follows the story of football from 1987 to 2014; how events starting with the Gorbachev reforms after 1987, followed by the collapse of the Soviet Union in 1991, the economic crisis in Russia in 1998, the subsequent ascension of Vladimir Putin in 2000, and finally the Maidan Protests in Ukraine that took place in the winter and spring of 2013-14, have affected the sport. Football does not always reflect society. Nevertheless, there are important lessons that we can learn from the transition of professional football from communism to capitalism in the Soviet Union and in its successor states.

### Economic and Political Reform

As outlined in this thesis, football, like other segments of the Soviet economy, experienced frequent tinkering and small-scale reform up to the late 1980s. Large-scale reform in football did not begin until Gorbachev introduced sizeable reform packages which were designed to make the Soviet economy more competitive. This thesis has investigated the impact of these reforms on football clubs and the Soviet league pyramid, as well as on football players. But can football be used to illustrate the impact of glasnost and perestroika on the Soviet economy more generally? The truth is that the politics, and economics of football can deliver some answers to questions regarding how perestroika impacted segments of the Soviet economy and also how institutions reacted to reform initiatives. Football is an example of struggle between the state and emerging actors over the control over important state assets. In the case of football, this is illustrated by the restructuring process of football in the late 1980s, and was manifested in the power struggle between members of the Football Federation of the Soviet Union and the management of the big clubs. As Edelman pointed out in his work on the topic, the struggle between the federation and

club officials quite simply boiled down to a fight for money and power: the federation wanted to maintain its grip on the league, whereas the clubs wanted a larger share of the pie. Clubs justified their stance with the objective of decentralization, which was one of the main points of the Gorbachev reforms.<sup>671</sup>

As the case of Sovintersport shows, state institutions, on the other hand, had a substantial interest in maintaining their control over football clubs. Sovintersport was an institution that was designed to capitalize on the investments that the Soviet Union had made in football. The opening of the football transfer market to the West after 1987 meant that clubs were now allowed to sell their best talents to clubs abroad. At the same time, Sovintersport ensured that a certain percentage of the transfer fees would remain with the state. Sovintersport was, however, a Janus-faced apparatus. On the one hand it was expected to allow clubs to make a profit by selling players abroad. In turn clubs were supposed to use this profit to become financially independent from the state organizations. But Sovintersport took a cut from both the salary, as well as the transfer sum, of any player who moved abroad. The government justified this with the position that, as the state was largely responsible for funding the athletes' training; it was therefore entitled to receive the financial gains made by selling them to foreign clubs. Yet Sovintersport's business operations were not always transparent, and it remains unclear whether all the funds collected by the agency found their way back to the state. Indeed, the murky story of Sergei Chemezov, who launched a successful business career after his time at the agency, is telling. Sovintersport is, therefore, representative of the sort of nomenklatura-privatization of the late

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<sup>671</sup> See Edelman. 'The Professionalization of Soviet Sport: The Case of the Soccer Union'.

1980s and early 1990s that allowed managers to gain control over assets at the expense of the central administration.<sup>672</sup>

The same mechanism can later be found with the football clubs themselves, as most major teams in the immediate post-Soviet space fell under the control of the managers or coaches who happened to run the clubs at the time. The example of Dinamo Kiev is especially telling; charged with moving Dinamo Kiev towards *khozraschet*, Viktor Bezverkhii managed to privatize the club, and at the same time installed himself as the owner of the football team. Bezverkhii then turned Dinamo into a major export-import company with the team's economic deals extending far beyond football. Bezverkhii benefited from the fact that football clubs could be used to acquire trading licences that went beyond merely selling football players to foreign clubs. Bezverkhii was not the only example—other figures, such as Spartak coach Romantsev, were also able to acquire their clubs during the privatization process of football in the late 1980s and early 1990s. Another example is Aleshin's takeover of the Luzhniki Stadium Complex in Moscow, as he managed to take over the facility thanks to the fact that he possessed inside knowledge of the impending privatization. Steven Solnick has called this practice *nomenklatura-privatization*, or *reverse bank run*; a process in which the state forced organizations into cost accountability and managers were able to take control over the budgets of these organizations. Furthermore, managers found it easier to find new revenue opportunities, and were therefore able to erode state control over organizations.<sup>673</sup> In terms of reform, therefore, football highlights that

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<sup>672</sup> See Solnick, *Stealing the State*, 251.

<sup>673</sup> *Ibid.* 232.



moving organizations into cost-accountability resulted in the state ultimately losing authority over these organizations entirely.

This, in turn, explains the struggle in other areas of football. The power struggle between the clubs and the football federation over who would run the Soviet Vysshaya Liga is such an example. In this case, managers were given more control of their clubs and began to push for more autonomy in other areas as well.<sup>674</sup> The public conflict between Koloskov and Lobanovskii must, therefore, be understood as a power struggle between the state and individual actors over assets. As the state gave more autonomy over individual assets, the managers who were given more power pushed for further decentralization in order to accrue even more financial profit. At the same time, institutions such as Sovintersport were put in place to ensure that the process of privatization would guarantee the maximum profit for the state. In the end, however, the lack of transparency of the agency meant that Sovintersport became a mechanism through which individuals were able to accrue wealth. For the purpose of this thesis, football became an example of how the reform of the Soviet economy allowed individuals, from the bottom up, to collect wealth via assets that were formerly controlled by the state or state institutions. Football, consequently, became an asset that could be turned into profit, and the struggle between actors who wanted to reform the game was in reality a struggle over who would control the financial profits of the game.

### Patronage and Politics

As the Soviet Union collapsed, football fell under the control of the very managers who were able to wrest away assets from the state. But the case of Ukraine, in particular, highlights the fact

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<sup>674</sup> See Edelman. 'The Professionalization of Soviet Sport: The Case of the Soccer Union'.

that football soon became the target of individuals who had acquired assets in other economic spheres. The connection between politics and football in Ukraine is a theme that has been touched upon by other authors.<sup>675</sup> But the culture of patronage actually extends back to the time of the Soviet Union, when the country's most important clubs were often dependent on the political and financial support of high ranking party officials—the most prominent case is the example of the involvement of Shcherbitskii at Dinamo Kiev. Hence, it is no coincidence that the oligarchs who rose from the ashes of the post-Soviet political landscape emulated practices that had already been used in the time of the Soviet Union. For the oligarchs, football clubs in Ukraine served as social capital that could be used to grow political influence.<sup>676</sup> The 2012 European Championships are a great example of this, as the infrastructure development and stadium construction would not have been possible without financial investments by the political elite.

In a sense, the oligarchs are best understood as an evolution of the former communist elite, as they copied party practices with the wealth achieved through an emerging free market economy. This evolution also included looking beyond the post-Soviet space, as the contact between businessmen and the outside world meant that oligarchs were able to imitate business practices in other countries. The patrons of Ukrainian football, therefore, soon started to follow the examples found in other countries, most prominently Italy, the biggest football market in the late 1980s and throughout the 1990s. The thesis calls this process *Berlusconization*, as the patrons of Ukrainian football all followed the model of Silvio Berlusconi. In a sense, the most

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<sup>675</sup> See Yekelchuk, *Ukraine* and Andrew Wilson, *The Ukrainians*.

<sup>676</sup> See Wellgraf, 'Die Millionengaben', 103.

remarkable feature of this process is that it combines the old patronage system of the old Soviet Union with the free market patronage system of a western European country.

Yet the strong role of the oligarchs in Ukrainian football is also what sets Ukraine apart from the Russian Federation. As in Ukraine, Russian football clubs were very much dependent on patronage. But unlike Ukraine the biggest Russian clubs were less dependent on individuals, but rather received most of their financial contributions through state-owned organizations. Most Russian clubs were taken over by the coaches who managed the clubs in the 1990s, but by the late 1990s and early 2000s the state began to reassert itself on football. This is also true for the oligarchs in Russia, as they only made their presence felt in football after 1998, as the economy switched from one that was largely driven by the banking sector to a market that was focused on natural resources. In the early 2000s Russian football experienced a major revival, mostly driven by oil and gas profits. At the same time, it was somewhat telling that one of Russia's richest oligarchs—Roman Abramovich—bought a team outside of Russia when he purchased London's Chelsea FC. The purchase of clubs by Russian oligarchs was understood as a means to diversify their financial portfolio. The same could be said for Leonid Fedun, the wealthy oil magnate who bought Spartak Moscow in the early 2000s.<sup>677</sup> There is certainly some truth to this belief, as oligarchs such as Abramovich also made significant investments—although through sponsorship and backdoor deals—in Russian football. Major Russian companies such as Gazprom also followed this pattern. The company, for example, bought Zenit Sankt Petersburg in the early 2000s, purchased the sponsorship rights to various clubs in Europe, and sponsored major tournaments such as the UEFA Champions League, the European Championships, and the FIFA

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<sup>677</sup> Goldman, *Petrostate*, 204.

World Cup. The example of Gazprom in football not only strengthens the perception that Russian organizations were diversifying their investments through sport, but also illustrates that they used football to increase their commercial presence abroad. Therefore, like the oligarchs in Ukraine, football investors in Russia used the sport as a portal to western markets. In a sense, football became an image platform for Russian companies—we can see similar examples in other post-Soviet states such as Azerbaijan—and this suggests that football was also used as an image campaign that goes beyond mere commercial interests.

#### Football Stadiums: Between Regionalism and Internationalism

Football stadiums now also play an important role in this image campaign, as they are a major part of international tournaments such as the European Championships that took place in Ukraine in 2012, and the upcoming World Cup in Russia. Both the European Championships and the World Cup can be seen as an immense marketing vehicle for its host nation. In the case of Ukraine, this meant that regional oligarchs used the construction of infrastructure and stadiums to enhance their personal images. This is evident in the cases of Metalist Kharkiv owner Aleksandr Iaroslavs'kii, who through massive investments into the infrastructure and the stadium of Kharkiv was able to bring the European Championships to his hometown. Another example is Rinat Akhmetov's investments in Donetsk, where he built an airport, as well as the most modern stadium in the post-Soviet space. The German historian Wellgraf, in his essay 'Die Millionengaben,' points out that by investing into infrastructure and stadiums, oligarchs gain international recognition and at the same time also gather local political support.<sup>678</sup>

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<sup>678</sup> Stefan Wellgraf, 'Die Millionengaben', 103.

The historian Kerstin Zimmer has pointed out the importance of Soviet nostalgia in the identity of Donbass.<sup>679</sup> The Donbass Arena seems to stand in a bizarre contrast to this notion, as architecturally the modern arena is in stark contrast to the Soviet past. But in this case, the stadium became a symbol that only local businessman and politicians, such as Akhmetov, have the best interests of the workers of the region in mind. Hence the stadium is an important link with an internationally successful club that can serve as a tool for international recognition and business contacts, as well as local politics. This is especially emphasized in Jacob Preuss' documentary *The Other Chelsea: A Story from Donetsk* where he interviews several local miners as well as politicians. From these voices it is evident that the Donbass Arena is both a symbol for a modern international football club, and also a symbol of regional pride for the miners who live in the Donbass.<sup>680</sup> This sets the regional identity that came with the Donbass Arena apart from examples from the time of the Soviet Union. As this thesis shows, some stadiums, such as the Hrazdan in Armenia and the Dinamo Arena in Tbilisi, toward the end of the Soviet Union, were seen as gathering places where the national sentiments of Armenians and Georgians respectively could be expressed. These stadiums became neglected after independence was reached, as the facilities were no longer viewed as a symbols of national resistance.

### Post-Soviet Football in the International Sphere

The interconnection between post-Soviet football and the global football market is perhaps the most important lesson of this thesis. In fact, it has shown that the fall of the Soviet Union not only influenced the politics and economics of football in the post-Soviet region, but also had far

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<sup>679</sup> See Zimmer, 'Trapped in past glory: Self-identification and self-symbolisation in the Donbas'.

<sup>680</sup> *The Other Chelsea: A Story from Donetsk*, dir. Jacob Preuss (Kloos & Co. Medien GmbH, 2010)

reaching implications on the globalization of football. The opening of the transfer market after the 1987 reforms meant that, suddenly, major European clubs had access to a previously untapped market. The collapse of the Soviet Union meant that UEFA grew from having 25 member states in 1990 to 54 member states in 2015. Hence, after 1992, the business of football changed dramatically in Europe and, as a result, all over the world. Events such as the introduction of the UEFA Champions League, the Bosman Ruling, and the Igor Simutenkov Ruling would change European football dramatically, which in turn had significant impacts on post-Soviet clubs. Major Ukrainian and Russian clubs became more involved in the global football business as well, and shaped a global player transfer market; similarly, major post-Soviet brand names discovered football as an important tool to develop a brand that could be used to gain influence in the transnational field. Hence, the study goes beyond the field of sport in Soviet and post-Soviet history—it also crosses into the domain of the globalization of football. This is an important factor, as the fall of the Soviet Union drastically accelerated globalization, and nowhere is this reflected more than in football.

In some ways that transition can be understood by the transfer patterns explained in this thesis, in which clubs from the post-Soviet space moved from being sellers in the late 1980s and early 1990s to becoming buyers in the 1990s. Some academics believe that the global football transfer market reflects economic trends, as strong economies are able to attract players, whereas weak economies have the tendency to push players out.<sup>681</sup> When observing the transfer flows published on [transfermarkt.de](http://transfermarkt.de), one can see that there is truth to this view; with the recovery of the Russian economy after 1998, Russian clubs became major players in the global transfer system

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<sup>681</sup> See Taylor, 'Global Players? Football, Migration and Globalization, c. 1930-2000', 19.

as well, which in turn was reflected in the financial ability of clubs to procure more talented players. The financial ability of some clubs to buy some of the best talent money could buy, however, did not reflect Russia as a whole, instead, it reflected the financial wealth of a new economic elite: the oligarchs and state corporations. Football in Russia, therefore, did not reflect wider society, but rather the rise of a new economic elite, as well as a turn away from banking to the energy sector. While clubs were able to spend large sums on players, the wealth did not necessarily translate to the general population, but instead became a reflection of the fact that Russia was a country run by a small economic elite with close ties to the Kremlin.<sup>682</sup> This new wealthy elite discovered football as a means to interact on the global market. Meanwhile the Kremlin, in the form of state companies, realized that football was the perfect marketing tool with which to grow the image of state-run companies such as Gazprom.

#### From Communism to Capitalism – Football in Transition

What then can we learn from the transformation of football from communism to capitalism? Within the Soviet Union, clubs reacted to the economic reforms that were brought in by the state. In some ways football, therefore, serves as an example of how Soviet reforms could impact a single economic branch within the Soviet Union. Furthermore, the reform processes launched in the Soviet Union had an impact on football in Europe, and therefore around the globe, as the game has radically altered since the late 1980s. This is, in no small part, due to the rapid changes that came to football in the Soviet Union, and later to the successor states after 1987. Yet most studies of football in the Soviet and post-Soviet space focus on the history and politics of the game in the region without taking into account outside influences and changing market dynamics elsewhere. But football is an international business, and changes in one market can have an

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<sup>682</sup> See Dawisha, *Putin's Kleptocracy* and David E. Hoffman, *The Oligarchs*.

immediate impact on other football markets around the world. For example, reforms in the Soviet Union that allowed Soviet clubs to transfer players to the West for currency, resulted in an unparalleled effect on the European football market, as Western leagues suddenly had access to relatively cheap talent from the post-Soviet space. The growing wealth of the oligarchs, and state companies, in the late 1990s and early 2000s in Ukraine and Russia meant that, quickly, post-Soviet clubs could afford players from Europe and South America, who has previously been inaccessible to them.

It is also no coincidence that reforms to European football, such as the Champions League, the free movement of football players, and the expansion of the European Championships, came immediately after the collapse of the Soviet Union. The history of football in the late Soviet Union, and its successor states is, therefore, not just the history of football in the region; it is instead, a history of the impact of these reforms on the global market, and how the globalization of football, in turn, impacted post-Soviet clubs as well as all the actors that were involved with the game. Therefore, the transition of football from communism to capitalism in the Soviet Union, and later in the successor states, must be viewed from a global perspective. In many ways, this thesis has shown that it is not merely a case study on how reform from within the Soviet Union impacted the game from the Soviet Union to the post-Soviet space, but indeed it has expressed what the transition from communism to capitalism meant for international football.



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